

ay July 12 1991

rates

trated or technical reasons limited the monthly rate of growth at the end of the year. Comex index fell 1.1% to 1,770, in volume similar to last day's thin L770.

The insurance sector, troubled by Comex's reversion of Pata Aviation, insurer majority-owned failed agriculture company Federacion, the share price fell 2.7% to 1,600. Wednesday on fears that its holding would have to be sold.

PARIS market closed the Bundesbank move to raise interest rates again. The CAC 40 index moved down 1.7% to 1,762.68 before settling in the middle of the day.

ISTANBUL took down two points on higher oil prices. The index fell 0.5% to 3,340.4, its lowest point since last May.

The Bundesbank move failed to show much impact on the news that inflation rates increased. The CAC 40 index moved up 1.7% to 1,770.88 and settled in the middle of the day.

Turner rose 0.5% to 2,110. Turnover was 2.1m shares.

MANILA was flat. Average down 1.1% to 2,100. News of flooding in Makati. The composite index rose 0.1% to 2,120.20 pesos after 1.5% trading. The weighted average of 1,413 firms in the Philippines rose 0.5% to 2,120.20 in the 15th day of trading.

BANGKOK fell for the consecutive day. The index lost 0.1% to 2,000. The composite index rose 0.1% to 2,000. The FTSE 100 index fell 0.5% to 1,750.

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Yugoslav break-up

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China's floods worsen

Floods which have already killed nearly 1,300 people in China show no signs of abating. In northern Bangladesh, at least 300,000 people are homeless or marooned after a river burst its banks.

Soviet call to G7

President Mikhail Gorbachev will suggest a radical conversion of the Soviet defence industry when he meets leaders of the Group of Seven industrialised nations in London next week. Page 22. Editorial comment, Page 6; G7 prospects, Page 2

Translator murdered

Author Salman Rushdie said he was "extremely distressed" at the murder of the man who translated his controversial novel "The Satanic Verses" into Japanese. Professor Hitoshi Igarashi was stabbed to death - nine days after the book's Italian translator was murdered. Page 3

Irish suspects freed

A Dutch lower court acquitted four IRA suspects of belonging to an illegal organisation. They had already been found innocent of killing two tourists, mistaken for British soldiers. Three of the four were detained pending extradition to Germany, where they are wanted in connection with attacks against British targets.

Hong Kong robbery

Three men who hijacked a security van at Hong Kong airport got away with over \$21.5m (£14.4m) worth of currency - the biggest cash robbery in the British colony.

Indian factory fire

About 30 people died and 70 were injured in a blaze at a fireworks factory in Tamil Nadu state, southern India.

Girl held to ransom

Kidnappers demanded \$2m (£1.2m) ransom after snatching the 14-year-old daughter of a wealthy Lebanese gem dealer from a holiday villa in Greece. The family's household died after being chloroformed by the kidnappers.

Shooting in Algiers

Two people were wounded in renewed violence in Algeria. Islamic militants demonstrated near a mosque in the capital in support of two leaders arrested last month.

MARKETS

STERLING

New York lunchtime:

London:

GOLD

London:

RATES

UK flat-dwellers:

Cautious about commonhold

Child price changes yesterday. Page 22

SELLING PRICE IN IRELAND 80p, IN MALTA 45c

Weekend FT

Inside Section II
20 pages



First they laughed,
now they'll cry

Woody Allen (left) tells Nigel Andrew why he finds tragedy more satisfying than comedy page XX



Caviare for the bear
The champagne lifestyle of Moscow's black market capitalists page I

Many happy returns?
Interest rates are falling but think twice before you move your money into equities page II



Road to Marrakesh
The barren majesty of the desert and the sensuous delights of the souk page XV

Those in peril

The gale-blown adventures of a modern-day galley slave page XV

page XV

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Weekend July 13/July 14 1991

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WORLD NEWS

Last allied forces set to pull out of northern Iraq

The last allied forces will leave northern Iraq by Monday, the Pentagon said yesterday - but Washington warned it would intervene under further threat. A multinational, rapid response force will be set up in Turkey to protect Iraq's Kurds.

Meanwhile, US president George Bush has approved a list of Iraqi targets that would be bombed if Baghdad ignores UN orders to destroy its nuclear technology. Page 10

Kurds storm embassy

Fifty three people were arrested in London after Kurdish demonstrators stormed and ransacked the Turkish embassy. The demonstrators were protesting at Turkey's treatment of Kurds. Page 5; picture, Page 22

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BUSINESS SUMMARY

Time Warner proposes new £1.7bn rights issue

By Peter Marsh, Rachel Johnson and David Barchard

THE government shrugged off disappointing inflation figures yesterday by cutting interest rates by half a percentage point, in an effort to inject life into the flagging economy.

Within minutes of the Bank of England cutting its money-market dealing rates, UK clearing banks brought down their base rates from 11.5 per cent to 11 per cent, while mortgage lenders reduced the costs of buying homes.

Halifax Building Society cut its base mortgage rate from 12.45 per cent to 11.85 per cent, with immediate effect for new borrowers and from August 1 for existing customers.

Barclays, Midland and Lloyds, three of the Big Four clearing banks, and several other large building societies, including Nationwide, Leeds Permanent and Bristol & West also cut their main mortgage rates to 11.95 per cent.

Abbey National, the retail bank which is the second largest UK mortgage lender, said it would reduce its rates in time for existing customers to benefit from August 1.

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Concerted intervention by many of the world's most powerful central banks yesterday pushed down the value of the dollar in a confidence-boosting exercise before next week's Group of Seven summit. Governments

appeared to have ordered the action, the most sweeping move to cap the dollar since 1989. Last night it closed in London at DM1.7890, down 4½ pfennigs, and sterling gained more than 4 cents, to 51.6495.

The impact of the widely expected cut in base rates, the sixth reduction of half a percentage point since mid-February, was partly overshadowed by the Central Statistical Office's announcement on

CSO officials said a sharp rise in seasonal food prices, caused by bad weather, was behind inflation's failure to fall to its expected rate of about 5.6 per cent. Price rises for alcoholic drinks, electricity, and motoring costs also raised the index in June.

Mr Norman Lamont, the chancellor of the exchequer, was confident that inflation would fall to 4 per cent by the end of the year after the government's "excellent progress in reducing inflation over the last eight months".

However, news on underlying price changes was poor.

The Treasury's preferred measure of inflation, which ignores mortgage interest payments, rose to 5.9 per cent from 6.7 per cent. Excluding the poll tax also, underlying inflation climbed to a 10-year high of 8.9 per cent in June.

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Food prices, Page 4
Editorial Comment, Page 6
Little room, Page 7
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Rate trimmed, Wkd, III

Councils may withdraw from smaller banks

By Tracy Corrigan and Simon London

MANY OF Britain's local authorities are preparing to withdraw deposits with smaller banks and building societies following the closure of Bank of Credit and Commerce International, which held millions of pounds of councils' short-term deposits.

A number of councils said yesterday that, in future, they would make short-term deposits only with the main UK clearing banks, and the top 20 to 25 building societies.

Some said they would also continue to lend short-term money to other local authorities, providing their spending had not been capped by the central government.

An official at Harlow council in Essex said its lending rules had been put under review after six months ago, and more restrictive criteria put in place but it still had outstanding deposits totalling £4m when BCCI's accounts were frozen a week ago.

Local authorities, whose confidence in the banking system has been shaken by the BCCI closure, are likely to be more wary of above-market interest rates in future.

A former BCCI dealer said yesterday that, in future, they would make short-term deposits only with the main UK clearing banks, and the top 20 to 25 building societies.

Several councils, such as York, denied that they had been paid any "risk premium" by BCCI.

The BCCI Shutdown, Page 3
Still a mystery, Page 6

Expert warnings given on BCCI

By David Barchard

EXPERT WARNINGS about the risks of doing business with Bank of Credit and Commerce International, the collapsed international banking group, had been available to financial institutions for several years.

The freezing of BCCI's assets appears to have accelerated a longer-term trend. The London Borough of Sutton had no deposits with BCCI, according to Mr David Lester, its finance director. The council had tightened its lending criteria after the collapse last year of British & Commonwealth Holdings, which held £3m of the council's deposits, he said.

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A standard letter sent to BCCI's clients warned that

Continued on Page 22

growth of advertising revenue.

Tyne Tees, the north-east England broadcaster, has bid £14.5m to retain its franchise, 2m ahead of its rival, North East, a consortium made up of Granada, Border Television - which was unopposed for its own small franchise - and Thomson Regional Television.

Tyne Tees felt able to place such a high bid because it has been designated a small rather than a medium ITV company. It will receive an effective subsidy worth more than £2m a year.

The most fortunate company to emerge from the competitive tenders so far is Scottish Television. It was unopposed, and bid less than £1m a year for the franchise renewal.

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INTERNATIONAL NEWS

Gorbachev's meeting with world leaders is expected to overshadow the main summit

G7 seeks to limit weapons proliferation

By Peter Riddell, US Editor, in Washington

WORLD leaders will attempt to limit proliferation of weapons of mass destruction and agree on an extensive programme of assistance for Soviet economic reform at next week's Group of Seven summit in London.

However, a draft of the summit communiqué prepared by the sherpas, or leaders' personal representatives, suggests there will be little advance on other contentious issues such as economic policy co-operation, the Uruguay Round trade talks and global climate change.

Several countries are seeking to build on this week's discussions in Paris of the five

permanent members of the United Nations Security Council about curbing arms sales in the Middle East.

A commitment is likely on strengthening non-proliferation regimes for nuclear, biological and chemical weapons as well as broadening discussions on sales of conventional weapons to cover the world, rather than just the Middle East. This is to prevent excessive build-ups of such weapons and would be reinforced by a new UN register of sales to achieve greater transparency.

Recognising that the summit will be overshadowed by the meeting next Wednesday with President Mikhail Gorbachev,

the leaders seem prepared to fudge on most other matters.

On the currently stalled trade talks, the leaders do not want to risk a repetition of last year's failure at the Houston summit, where a lengthily negotiated compromise on farm subsidies soon disintegrated. The most that is indicated by the alternative language in the current draft is a slight strengthening of tone in the instructions to the negotiators to complete talks as urgently as possible.

On economic policy, the communiqué will reaffirm the fiscal and monetary approach adopted by finance ministers and central bank governors in

London last month, which is intended to lead to lower real interest rates. The agreed formula refers to broad recognition that sustained economic growth with price stability is needed, while accepting that specific policies will have to reflect differing circumstances in the different countries.

On the environment, the main emphasis will be on next June's Rio United Nations conference; its importance will be underlined by a pledge by G7 leaders to attend.

There is still uncertainty about the precise wording, in view of US reluctance to agree to specific targets on carbon

dioxide emissions, but most participants are pressing for firm commitment to an international convention establishing clear guidelines for a reduction in greenhouse gas emissions.

• The Japanese government yesterday allocated a further \$1m (£625,000) to support the UN special commission on the elimination of weapons of mass destruction and missiles in Iraq.

The allocation brings to \$2.5m Japan's total support for the commission, which was established for the purpose of inspecting and destroying Iraq's chemical and biological weapons.



Gorbachev: he is offering the West a radical conversion of Soviet defence industries

Weighty bout of whelks and double cream

By Ivo Dawney, Political Correspondent

CRITICS of extravagant international summits sometimes come unstuck.

Not too long after Bishop John Fisher excommunicated Henry VIII and Francis I of France for their expensive highjinks at the Field of the Cloth of Gold near Calais, he found himself on the receiving end.

The highlight of the 1520 summit - England's first venture into political showbiz - was when Henry challenged Francis to a bout of wrestling and ended up humiliatingly floored by his lighter though wiser opponent.

"They amused themselves greatly and nobody died," Sir Geoffrey Elton, the distinguished Tudor historian,

relates. "But as pieces of politics it was wholly futile."

Efforts have been under way for some time to persuade the watching world that next week's Group of Seven extravagance in London is something more than a photo-opportunity for the ruling class

and council presidents. Mr Jacques Delors and Mr Ruud Lubbers, the Dutch prime minister, as guest stars and a late show-stopping walk on stage for President Mikhail Gorbachev as the finale.

The news diet will also tell of what their 4,000 guests and 1,200 government representatives have on their plates; it

includes 38,000 meals, comprising 525lbs of beef, 84 fresh salmon, 4,600 lettuces and strawberries with 100 gallons of double cream. For three days, Messrs Major, Kohl, Mitterrand, Bush, Kaifu, et al sweep in some 200 motorcades between their residences and the nineteenth century gilded "walking shop" of Lancaster House in St James's. Dinners are scheduled at Buckingham Palace - followed by a laser show - and the Tower of London.

Other entertainments include the Royal Tournament and visits to Covent Garden for jellied eels and wheals. Mr Jeremy Thorpe, the foreign office organiser, was confident yesterday all would go

according to plan, though he admitted that he had recently averted a potential disaster when someone had forgotten to inform the Palace of two non-attendees from the banqueting list.

Like all parties, however, at least one guest is already saying it should be a less showy affair. President François Mitterrand complained to Mr Neil Kinnock last week that the whole thing had lost the intimacy of the original French summit at Rambouillet in 1976.

That comes somewhat strangely from the master of ceremonies at the 1983 show which just happened to coincide with the massive bicentennial celebrations of the French Revolution.

Spain sees 5% target for inflation within reach

By Tom Burns in Madrid

SPAIN'S consumer price index rose 0.3 per cent in June lifting the accumulated price rise in the first six months of the year to 2.1 per cent and bringing within reach the government's target of a 5 per cent rise in inflation at the end of this year, against a 6.5 per cent growth to December 1990.

Underlying inflation, measuring consumer price rises excluding food and energy, slipped from an annualised 6.4 per cent at the end of May to 6.3 per cent, fuelling hopes in some quarters that the Bank of Spain might be prepared to lower interest rates.

Other figures published yesterday by the Economy Ministry suggested however that the government would continue its tight monetary policy.

Credit to the private sector increased by 15.6 per cent in the first six months of the year, five points above the Bank of Spain's guidance, and the broad money supply measure (ALP) grew by 12.2 per cent, 1.5 points above its target rate.

Canada aids air crash probe

Canada's Transportation Safety Board has sent a team to help the Saudi authorities investigate Thursday's crash of a Canadian-owned DC-9 near Jeddah, killing 24 passengers and 14 crew, writes Robert Gibbons in Montreal.

The aircraft was owned by Nationalair, Canada's largest charter airline, and leased short-term to Holdtrade, of Nigeria, in turn owned by a son of the Nigerian Moslem leader, the Sultan of Sokoto.

It was carrying Nigerian pilgrims home from Mecca. The crew was Canadian.

New constitution for Bulgaria

Bulgaria's constitution was signed by 307 of the Grand National Assembly's 400 MPs yesterday, thus enshrining it as the country's fourth constitution since 1879, Ben Crampson writes from Sofia. The signing came despite opposition protests that it was insufficiently democratic and consolidated communist rule.

Grenada court rejects appeals

The Grenada Court of Appeal has dismissed eight of 38 grounds of appeal brought by 17 people convicted of the 1983 murder of then-prime minister Maurice Bishop, Reuter reports from St George's.

Bishop and his associates were killed in a power struggle with a more radical faction of his New Jewel Movement. A US-led invasion force toppled the junta that had seized power. Among the 14 later sentenced to hang was Bernard Coard, Bishop's deputy prime minister.

The court will continue with the case on Thursday.

Iraq pullout nearly complete

By Peter Riddell and David White

US AND allied forces will complete their withdrawal from northern Iraq by Monday, though they stand ready to intervene again if there are further threats to the Kurds.

Confirming the withdrawal of the final 1,400 US troops (out of a total of 3,300 in northern Iraq), the Pentagon said the allies had warned Baghdad that they maintained "a clear interest in peace within Iraq and [are] willing to respond militarily to Iraqi actions that disturb the peace."

Moreover, a Pentagon spokesman warned that no Iraqi aircraft, fixed or rotary-wing, should fly north of the 36th parallel, which broadly defines the area where the Iraqi Kurds are concentrated.

The US and allied forces were deployed in May to protect the Kurds, who were then fleeing in large numbers over the Turkish and Iranian borders.

The proposed British contribution to the new US-led deterrent force in southeast Turkey consists mainly of a company

of Royal Marines - probably about 120 men. They will be backed up by support troops.

But UK defence officials said details of the deployment had still to be worked out. The Royal Marine contingent is expected to come from the UK force of 1,100 which has been deployed in northern Iraq.

Separately, President Bush has been continuing consultations with allies about possible actions against the Baghdad regime if Iraq fails to disclose the locations of all its nuclear facilities and destroys all equipment which can be used to make nuclear weapons.

Officials yesterday confirmed a report that Mr Bush had provisionally confirmed a target list of about 20 Iraqi command and control centres which would be bombed if Iraq continues to ignore UN resolutions requiring the destruction of its nuclear technology.

Southmark sues Drexel executives

SOUTHMARK, the Texas-based property and finance business which filed for Chapter 11 bankruptcy protection in July 1989, has launched a \$200m (£124m) junk bond against current and former executives at Drexel Burnham Lambert, writes Nikki Tait in New York.

Among those targeted by Southmark is Mr Michael Milken, who ran Drexel's West Coast junk bond department.

Drexel, the controversial investment bank which sprang to fame largely because of its role in pioneering the junk bond market, is itself under Chapter 11 protection and is

currently settling securities litigation filed against it.

The suit, which was filed in the federal courts, charges Mr Milken and others at Drexel with a crushing burden of public debt and encouraging the company "to divert the proceeds of that debt from legitimate operating needs to highly speculative investments."

The issuance of high cost public debt in excess of the company's legitimate operational needs of the company and the investment of the excess proceeds in speculative junk bonds, were completely inconsistent with

Southmark's financial interests," alleges the suit.

The suit names 21 defendants besides Mr Milken, including his brother, Lowell, Mr Fred Joseph, former Drexel chief executive and Mr Bruce Newberg, the junk bond trader. It also alleges that several Drexel-junk partnerships earned "exorbitant and illegal profits" by manipulating the sales and resale of securities which Drexel had underwritten to Southmark.

Southmark's period under Chapter 11 was costly and the company is now in a forced liquidation.

Imports would fall by 47 per cent.

The figures, published by the Soviet news agency Interfax, estimated oil exports would drop to between 60m and 55m tonnes (1m to 1.1m barrels per day) from actual 1990 exports of 108.6m tonnes.

The Moscow-based Sovmark research centre said exports in 1991 would be down 27 per cent from last year and

Producer prices fall in US

By Michael Prowse in Washington

UNEXPECTEDLY weak figures for US wholesale prices and retail sales yesterday reinforced expectations of a slow economic recovery with little upward pressure on inflation.

The producer price index for finished goods fell 0.3 per cent between May and June, a sharper decline than expected in financial markets.

The fall in the price of industrial inputs should feed through into better figures for retail price inflation, which has hovered at about 4.5 per cent in the past year.

The drop in producer prices took the annual rate of wholesale price inflation to 3.5 per cent in June.

Official statistics yesterday confirmed a report that Mr Bush had provisionally confirmed a target list of about 20 Iraqi command and control centres which would be bombed if Iraq continues to ignore UN resolutions requiring the destruction of its nuclear technology.

The closely watched "core" producer price index - which excludes the volatile food and energy indices - was unchanged, the best result in more than a year.

Retail sales were also surprisingly weak last month, falling 0.2 per cent, compared with forecasts of an increase of 0.5 per cent and a rise of 0.9 per cent in May.

The decline in retail sales occurred despite a strong recovery in car sales, which rose 1.1 per cent in June following a 0.5 per cent increase in May. Sections showing weakness included department stores, restaurants, home furnishing and building materials.

Last month's decline may have been partly a reaction to the strength of sales in May.

Britain sets sights on Soviet airliner market

By Paul Betts, Aerospace Correspondent

THE UK aerospace industry is stepping up efforts to secure long term collaboration projects in Soviet civil aviation with a trade mission to Moscow.

No immediate deals are expected to be clinched during the six day visit, but Lord Reay, the industry and technology minister leading the mission, said the visit could help open up long term projects for UK industry in the Soviet domestic market as well as collaboration programmes in third countries.

Prospects appear at this stage especially promising for UK companies to co-operate in the Soviet Union on aero-engine and avionics ventures.

British Aerospace has also been seeking to market its range of civil aircraft including the 140-seat regional jet and the ATP turboprop aircraft in the Soviet Union.

A report prepared for the Society of British Aerospace

Rescue hope for Tajik power plant

By Our Foreign Staff

GEC Alsthom, the Anglo-French heavy engineering group, said yesterday it was eager to provide spare parts for the 30-year-old Takht hydroelectric station in Soviet Tajikistan, which has run out of its last crucial parts dating from the 1940s.

Mr Alan Stothard, director and general manager of Neyric, the water turbine subsidiary of GEC Alsthom, said yesterday that the Tajik plant's lack of hard currency was an obstacle. But the necessary funds might be available from planned tourist development in the region.

"We still make the parts and we're more than willing to help. Perhaps we could get the plant running again," he said.

The plant was set up by Metropolitan Vickers of the UK in the 1940s. That company was incorporated into GEC Alsthom, not Vickers as reported in yesterday's Financial Times.

Sharp decline in trade predicted

SOVIET foreign trade will fall sharply this year, with oil exports only half 1990 levels and grain imports sharply lower, an independent research organisation said yesterday, Reuter reports from Moscow.

The Moscow-based Sovmark research centre said exports in 1991 would be down 27 per cent from last year and

tonnes, compared with 27m tonnes in the previous year.

Sovmark also saw Soviet natural gas exports dropping to between 105 and 110bn cu.m. in 1991 from 109bn last year.

Imports of meat and meat products were forecast to rise to 14.5-15.5m tonnes from 11.5m.

The US Agriculture Department estimated Soviet grain imports this year at 33m

Moslems prepare to resist Greater Serbia

The republic of Bosnia-Hercegovina wants no more wars and no more partitions, reports Judy Dempsey

A S Moslems in Sarajevo, said yesterday. "We will defend ourselves."

The lesson of the past have taught the Bosnians that they cannot rely on fellow Yugoslavs for protection. The inhabitants of Bosnia were traditionally regarded with suspicion by Rome and Constantinople. Both religious centres considered the Bosnian (Christian) Church as heretical, subversive to neither. The Bosnian state, settled by Slavs as early as the sixth century, disappeared after the Ottoman army occupied it in 1463, and then embarked upon an intense process of Islamisation.

The Bosnians repeatedly rebelled to protect their identity and culture. In 1878, at the Congress of Berlin, Bosnia-Hercegovina was entrusted to the Austro-Hungarian empire, which annexed it in 1908. This was the last straw for the Bosnians, who decided to take their fate into their own hands. On June 28 1914, Vienna declared war on Serbia after Gavrilo Princip, a young Bosnian Serb, assassinated Archduke Franz Ferdinand, heir to the Austro-Hungarian throne.

But the Kingdom of Serbs, Croats and Slovenes, set up in 1918 and the precursor to modern Yugoslavia, did little to foster autonomy for Bosnia-Hercegovina.

Bosnians do not want a repeat of those partitions, or of war. "It would be madness if these two republics tried to carve up Bosnia-Hercegovina," Mr Rusmir Mahmutasic, the deputy prime minister of Bosnia-Hercegovina.

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any car-up of the republic. Mr Radovan Karadzic, the president of the republic.

Mr Karadzic was imprisoned after 1945 by the communists for being a member of the Moslem Brotherhood, an underground anti-fascist organisation, and later in 1968 for defending the rights of the Moslems. He will not bow to pressure from Croatia or Serbia.

ACCOUNTANTS

Dispute breaks out over auditing of group

By David Waller

A DISPUTES has broken out between Price Waterhouse and Ernst & Young, two of the UK's largest accountancy firms, over the circumstances under which Ernst & Whitney - now part of Ernst & Young - resigned as auditor to the Luxembourg-based BCCI (Holdings) in April 1987.

After E&Y resigned Price Waterhouse was appointed sole auditor to the BCCI group, hav-

ing previously been auditor only to BCCI (Overseas) Ltd, based in the Cayman Islands. PW subsequently worked closely with the Bank of England over the years, producing ten reports for the Bank, the last one of which provided evidence of fraud and led the Bank to close down BCCI last week.

The Bank of England has indicated that in early 1987 it

was putting pressure on the BCCI board to employ a single firm of auditors. However, yesterday Ernst & Young strongly rejected any suggestion that it resigned under pressure from the Bank of England.

Ernst & Young said yesterday that E&W resigned as a matter of principle after expressing grave reservations to the BCCI board of directors on a number of counts, includ-

ing the adequacy of management resources at a senior level, the lack of management information systems, and the fact that BCCI continued to be audited by two firms of accountants rather than just one.

Price Waterhouse yesterday cited a letter written by Ernst & Whitney to the BCCI board in April 1987 in which the firm offered itself for re-election as auditor, provided it could audit

the entire group and not just BCCI (Holdings). The letter said that E&W had received assurances from the management that it would take action to strengthen its management resources and its systems.

Ernst & Whitney wrote to the board in April 1987 saying that it would not offer itself for re-election because it was not going to be appointed auditor to the whole group.

IBCA LETTER

The following is the text of a letter sent by a senior executive of IBCA in March 1990 to a client who requested details about BCCI. You have asked us to provide you with some brief comments on BCCI. As you are aware, we do not rate this company, but the following comments may be of some help.

After a period of rapid growth in the 1970s and 1980s, BCCI's results in recent years have been less satisfactory, with the bank reporting declining earnings in the period 1985-1988. Reasons for these declines have included very large options losses in 1988 which raised some questions on the quality of the bank's controls and, more recently, rising private sector losses and, also, sovereign debt provisions.

BCCI has a large exposure to Nigeria, and if it complies with the Bank of England matrix requirements, it may well result in the bank reporting a loss for 1989, having already reported losses for 1988. As you are aware, BCCI has been involved in criminal investigations in the US with regard to the laundering of drug money, to which it has pleaded guilty.

The bank's president and founder, Mr Abdi, who was very much involved in the growth of the bank, has been very ill in the last two years and, hence, played less part in its development.

BCCI is controlled by a Luxembourg holding company and cannot look to any of the recognised central banks to act as a lender of the last resort.

If we were to rate BCCI, I believe our Legal Rate would be 5 and, on the base of published data, our Individual Rating would be somewhere between C and D.

I hope this is of some help.



HUNDREDS OF BCCI

employees demonstrated outside the Bank of England yesterday, calling on Mr Robin Leigh-Pemberton, the Bank governor, to halt the liquidation process and reopen BCCI.

But the Scottish Office is echoing Mr John Major's line that the government will not bail out councils which lost money with BCCI.

The prime minister has told the 60 authorities whose investments have been frozen amid allegations of large-scale fraud at BCCI they have only themselves to blame. Stockport, which invested £1m, has said it would be ready to act as guinea pig in any legal action for compensation.

"We want BCCI back, we

want our jobs back, we want justice," the crowd shouted.

Meanwhile, employees yesterday morning received a letter from Touché Ross, BCCI's liquidator, informing them that they will be able to draw a sum roughly equivalent to a week's wages, but up to a limit of £500, on Tuesday, July 16.

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Suspended union chief to get his job back

By Diane Summers, Labour Staff

THE GENERAL secretary of Ucatt, the troubled construction union, who was suspended from his post in May, is to get his job back from Monday. Ucatt's general council has ruled that Mr Albert Williams was wrongly suspended by the executive.

However, the general council also voted to support an independent investigation into allegations of ballot rigging and the running of the union in recent years. Mr Williams could again face the prospect of suspension when the inquiry, which is being conducted by Mr John Hards QC, reports after the summer.

The suspension of Mr Williams for alleged mismanagement and the inquiry followed elections which brought a move to the left on Ucatt's five-man executive. Pay talks with the employers were disrupted by the changes and about a dozen officials left for the rival non-TUC-affiliated EPTU electricals' union.

Mr Williams, backed by the commission for the rights of trade union members, began a High Court action last month in an effort to get his job back. It is likely, now, that the suspension has been lifted, but further legal action by Mr Williams will be dropped.

Ucatt's general council, an appeals body which is rarely convened, found that Mr Williams had been wrongly suspended by the executive because no misconduct had been proved and the proper procedures not followed.

There is some doubt that Mr Williams will be fit to resume his duties on Monday, he has been ill in hospital for the past week. A statement was read out on his behalf at the seven-hour general council meeting on Thursday night.

He said though his solicitors yesterday: "I'm very pleased that my trust in the general council, the supreme body of the union, has been vindicated." He was said to be expecting to leave hospital this weekend and would return to work "as soon as he is medically fit to do so".

Divisions on TGWU merger plan

By John Gapper, Labour Editor

DIVISIONS within the Transport and General Workers' Union over the proposal to merge with the National Union of Mineworkers were exposed yesterday at the TGWU's biennial delegate conference in Blackpool.

The conference approved a policy of seeking a merger with the NUM, without setting pre-conditions. However, there were some protests from delegates about accepting Mr Arthur Scargill, NUM president, as a TGWU officer.

Mr Ian Male, a delegate from the TGWU's Yorkshire region, predicted that 100,000 of the union's 1.2m members would leave if Mr Scargill was allowed into the merged union along with the NUM's 33,000 members.

His remarks were denounced by another delegate from the same region as "a despicable attack on Arthur Scargill".

The debate was part of an attempt by Mr Bill Morris, who has been elected to succeed Mr Ron Todd as TGWU general secretary, to seek a more active merger policy in order to reverse the union's membership decline since 1979 and its decline of 18 per cent.

Mr Scargill has indicated that he would want to be an official in a merged union.

MORGAN GRENFELL

Morgan Grenfell announces that its Base Rate is reduced from 11.5% to 11% per annum with effect from 12 July 1991 until further notice.

All facilities (including regulated consumer credit agreements) with a rate linked to Morgan Grenfell Base Rate will be varied accordingly.

Morgan Grenfell & Co. Limited
Member of The Securities and Futures Authority
23 Great Winchester Street, London EC2P 2AX

Benefits agency chief presents 'staff charter' plan

By Andrew Adonis

A "STAFF CHARTER" for civil servants to accompany the forthcoming Citizens Charter for consumers is being drawn up by the Social Security Benefits Agency, the largest of the Civil Service's semi-autonomous administrative agencies.

The agency, which has 70,000 employees distributed in 500 offices across the country, expects to publish the charter early in autumn.

It will state about 10 "fundamental principles" governing the working rights of employees, including commitments to adequate working conditions, to flexible working practices, to consultation for junior employees and to benefits such as health screening for the over-35s.

It is sure to attract keen interest in Whitehall and across the public sector. Attention will focus on whether its principles, and associated

redress procedures, go beyond existing contractual and negotiated rights.

Plans for the charter were revealed at an Industrial Society conference yesterday by Mr Michael Richard, newly-appointed chief executive of the Social Security Benefits Agency, and formerly chief executive of Warwickshire county council.

Mr Richard said: "We think it very important to issue a staff charter

alongside the Citizens Charter, because unless our staff believe their organisation truly values them, they will not deliver their best."

He said the charter would be accompanied by an "action list" of measures taken by the agency to meet and improve upon the charter. The list would be updated every six months.

The danger is that the charter will be seen as perks for the boys.

That is certainly not the intention," he added.

Trade union reaction to the proposal was non-committal. "It looks like a bit of a gimmick," said Mr Terry Adams, social security secretary of the CPSA, the largest civil service union.

He added: "None of these grand concepts mean anything unless they are backed up by specific agreements, and we already have a com-

prehensive set of those. My worry is that it might be intended as a means of circumventing the unions altogether."

Mr Jonathan Baume, assistant general secretary of the First Division Association of senior civil servants, said: "We are certainly not opposed in principle. But we will want to see what it says, and have been assured of consultation before it is agreed."

Food price rises prevent further fall in inflation

By Rachel Johnson, Economics Staff

A RISE in seasonal food prices during an exceptionally wet June yesterday prevented headline UK inflation from falling for the first time since September 1990. Then the annual increase in the retail prices index peaked at 10.9 per cent.

Seasonal foods, such as strawberries and other fresh fruit and vegetables, were made scarcer and more expensive by a month of late frosts, little sunshine and almost continuous downpours.

Prices of such produce normally fall in June, but last month their prices rose by 5.8 per cent, the first June rise since 1987 and the biggest since 1983.

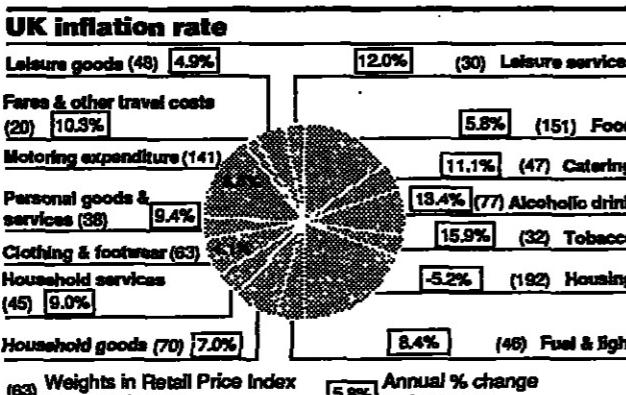
This contributed 0.2 percentage points to the all-items index, which increased by 0.4 per cent on May and by 5.3 per cent since June 1990. Home-killed lamb and eggs were cheaper, but not enough to offset rises in other foods.

The jump in seasonal food prices also pushed up underlying inflation. The Treasury's favourite measure, which excludes mortgage-interest payments, rose to 6.9 per cent from 6.6 per cent after four months of steady falls.

The so-called "underlying measure" which also strips out the poll tax, rose to an annual 8.9 per cent in June from a previous 8.7 per cent, the highest for a year.

Yesterday's cut in base rates by 0.4 percentage points is unlikely to affect the July index, but to shave off 0.25 percentage points from the RPI in August.

The general index of retail prices (RPI) for June 1991 was 134.1 (1987 = 100), after 133.5 in May.



Kinnock heralds debate on poll reform

By Philip Stephens, Political Editor

MR NEIL KINNOCK yesterday heralded an intense debate in the Labour party on electoral reform as the supporters of change declared that the momentum had become unstoppable.

The Labour leader, responding to the interim report of a Labour working group on voting reform, said he wanted to recommend to the party's national executive committee that it was expected to wide-ranging debate on the issue at Labour's annual conference in October. The working party will now reconvene to draw up a final report with firm recommendations not seen yet.

The report, produced under the chairmanship of Professor Raymond Plant, looks at alternatives to the existing first-past-the-post system for elections to the House of Commons.

Mr Whitty said that it was uncertain whether the final report would be ready before

the general election due by mid-1992. However, the party's commitment to the creation of new regional assemblies meant there was no doubt that a future Labour government would "face up" to the issue of voting reform.

The Labour party in Scotland has already backed a proportional voting system for the proposed Scottish assembly in Edinburgh. There is also growing support for the abandonment of the first-past-the-post system in elections to the European Parliament and the proposed second chamber to replace the House of Lords.

Some members of the shadow cabinet believe that for elections to the House of Com-

mmons, Mr Kinnock is keeping his options open until after the general election in the hope of winning some votes from supporters of the Liberal Democrats. Their view is that a Labour victory would effectively kill the debate.

Others, however, believe that now the discussion has been brought into the open, the Labour leadership will find it impossible to resist change.

Mr Robin Cook, the shadow spokesman and a strong supporter of reform, responded to the report with a prediction that "it is now no longer a question of whether Labour will commit itself to electoral reform but when, and for what elections".

Mr Solley QC in his mitigation plea on behalf of Mr Diccon Wright, the former Garston Amhurst chairman,

Mr Wright and three other Garston Amhurst directors are accused of defrauding over 300 investors of more than £1m between 1980 and 1990.

Five sectors of the art market have suffered a bigger fall than sporting pictures. But *The Oakley Hunt* by Henry Thomas Alken sold for £77,000, at the

bottom of its estimate, and a group of horses captured by John Frederick Herring Jr beat its forecast at £52,500.

A dramatic watercolour *The Destruction of Pharaoh's Army*, painted by John Martin in 1837, sold for £107,800 at Sotheby's on Thursday, a record for a Martin watercolour. It was bought by the London dealer Christopher Gibbs.

A collection of early English drawings and watercolours assembled by Colin Hunter went for £302,894 at Sotheby's, but with 23 per cent unsold. Another London dealer, Hazlitt Gooden Fox, paid £55,000 for an evening view of the Baywater turnpike in London, drawn by Paul Sandby around 1790, and £46,200 for *A Life Class at the Royal Academy*, a Thomas Rowlandson watercolour.

Mr Wright and Mr James Krekis have pleaded guilty to conspiracy to obtain property by deception between August 1 1980 and March 8 1990. Mr Gordon Davies has

admitted conspiring up to July 1985. Mr Wright, Mr Krekis and Mr Andrew Woodhouse have pleaded guilty to conspiracy to steal from Garston Amhurst between August 1 1980 and March 8 1990. Mr Davies has admitted the offence up to July 1 1985.

Mr Wright and Mr Krekis admit dishonestly obtaining £500,000 from the National Financial Management Corporation by deception.

Mr Solley said the four men never managed to get the business right and the fraud began when they got into financial difficulties. Then they had genuinely felt they could trade themselves out of their dishonesty and repay investors.

He said the primary losses had occurred during the first

Tories accused over Scottish conservation

By Ivor Owen, Parliamentary Correspondent

THE GOVERNMENT was accused in the Commons yesterday of favouring the interests of rich Scottish landowners in preference to preservation of the environment.

The charge was made by Mrs Ann Taylor, a Labour environmental spokesman, who said changes made in the National Heritage (Scotland) Bill affecting the designation of sites of special scientific interest had implications for nature conservation throughout Britain.

She said Professor Sir Fred Holliday had decided to resign from his post as independent

chairman of the joint committee for nature conservation because his position had been undermined.

Mr David Trippier, minister for the environment, confirmed that Sir Fred had expressed concern about the effect new provisions would have on the special responsibilities of the joint committee.

Mr Trippier maintained that creation of an expert committee to advise in disputed cases in no way undermined the role of the joint committee in upholding UK-wide standards for the protection of sites of special scientific interest.

Fraud was a reflection of the 1980s, Old Bailey judge told

By Raymond Hughes, Law Courts Correspondent

A 10-YEAR fraud on investors in the Garston Amhurst investment group was a reflection of the 1980s, an Old Bailey judge was told yesterday.

"This case has its roots in non-regulation; it came to an end because of regulation," said Mr Stephen Solley QC in his mitigation plea on behalf of

Mr Diccon Wright, the former Garston Amhurst chairman.

Mr Wright and three other Garston Amhurst directors are accused of defrauding over 300 investors of more than £1m between 1980 and 1990.

Mr Wright and Mr James Krekis have pleaded guilty to conspiracy to obtain property by deception between Garston Amhurst investors and the directors of the Royal Academy, a Thomas Rowlandson watercolour.

Mr Solley said the four men never managed to get the business right and the fraud began when they got into financial difficulties. Then they had genuinely felt they could trade themselves out of their dishonesty and repay investors.

He said the primary losses had occurred during the first

five years. After a "company doctor" had recommended large-scale cost cutting Mr Wright and Mr Krekis had made efforts to turn the company round.

In 1989, Mr Krekis had earned £100,000 commission and Mr Wright double that, but they had left the money in the company. Mr Solley said that none of the four had made private wealth from 10 years of dishonesty.

Mr Alan Newman QC for Mr Krekis, said poor administration had resulted in excessive expenditure, with vast payments on such things as rent and telephones, and the directors had "robbed Peter to pay Paul".

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plan

Kurds arrested after Turkish embassy siege

By Mark Nicholson and Tim Burt

THE TURKISH embassy in central London was under siege for two hours yesterday when offices were ransacked and slogans daubed on walls and windows. At least 30 Kurdish demonstrators were arrested afterwards.

Demonstrators, including people from the National Liberation Front of Kurdistan, had gathered outside the building in Belgrave Square and a group stormed through the embassy's security doors as they opened at 10.30am.

The incident, among several Kurdish protests across Europe yesterday, follows anger at the killing of 12 people by police in eastern Turkey on Wednesday.

The London demonstrators carried placards denouncing Turkish "genocide" against Kurds, some bearing the name of Vedat Aydin, a Kurdish leader whom they said was killed earlier this month by police in Diyarbakir.

Kurdish demonstrators outside said later they wanted to storm the building to publicise their case.

The demonstrators are expected to be charged with public order offences and criminal damage.

Yesterday's siege follows the storming of the Iraqi embassy by Kurdish demonstrators during the Gulf war. Then the police found an explosive device in the British team will be led by Steve Backley, the javelin champion.

For the world-class competitors, Sheffield will be a little strange. Instead of the five-star hotels and generous appearance money, there will be meals in a marquee and shared accommodation - six to a flat - in the ring-fenced area of what the Sheffield Telegraph called "formerly the most unwanted address in Sheffield". This is the Hyde Park estate, the large tower blocks which brood over the city centre.

Refurbishing the three blocks of Hyde Park for the students is an indication of the financial steps that Sheffield City Council has been taking to take for the privilege of attracting so many low-spending visitors.

One of the blocks will be demolished afterwards, the other two returned to the public housing stock.

One of the volunteers is Mr Anthony Strong, a lecturer and

Winning bottom line hit by running costs

Paul Cheeseright on the World Student Games which start in Sheffield tomorrow

THE party starts tomorrow. A shame that it will take to the next century to clear the bill. Still, hope that the grass grows again when all the guests have finished trampling the lawn.

The World Student Games, or, to give them their posh name, Universiade XVI, will attract 5,500 competitors from 110 countries to Sheffield.

It is what, in the euphoria of relief that the games are happening at all, the organisers call "the largest sports and cultural event ever to be staged in the UK". Sour grapes now to remember that outside the UK, no city was interested in holding them.

No doubt it will be great fun for the competitors. Some countries are clearly more enthusiastic than others. More than 400 athletes are coming from the US, but just one from each of Belize, Denmark and Peru.

The athletes can dream their dreams of the international breakthrough. After all,

did not the World Student Games throw up the likes of Olga Korbut, Said Aouita, Dave Moorcroft, Duncan Goodhew and Ben Johnson?

Given that this year's student competitors can be anything from 17 to 28-years-old, there will be a sprinkling of current stars such as the Olympic medallists Peter Rono and Robson da Silva, and

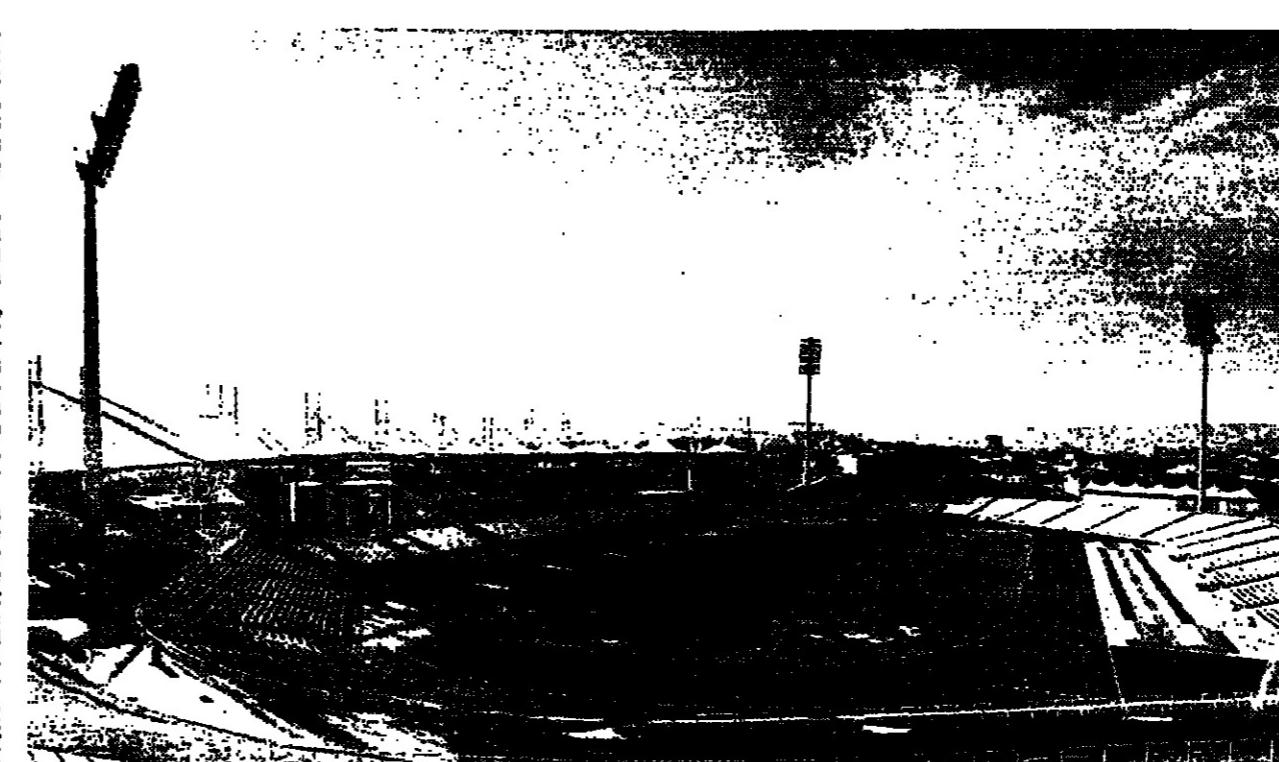
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Starting block: the 25,000-capacity Don Valley Stadium, where the opening ceremony takes place tomorrow evening

Indeed, arguments about money have been Sheffield's loudest, if inadvertent, publicity in the four years of preparation, especially when Universiade GB, the organising company, collapsed last year and the council imposed direct rule.

Many people have been shocked at the capital cost: a £147m bill for four new sports stadia. Meeting the financial charges starts next year and will be a burden on the poll tax and the son of poll tax for more than the next 20 years.

With the stadia built, arguments about capital costs have become academic. But niggling continues about the running costs, put at £21.7m, with an expected loss of £5m for the council, after the sponsorship money, television receipts and gate takings have been counted.

The latest row has been set off by Conservative demands that the uniforms for the 5,000-plus local volunteers helping out at the games should not be as expensive as that of the officials.

One of the blocks will be demolished afterwards, the other two returned to the public housing stock.

There are banners. Sheffield welcomes the world and bunting, and Marks & Spencer has attached games stickers to the sportswear in its windows. But the shopkeepers seem indifferent. "Our goods are too expensive for the

student area," said Dash, the fashion shop.

There is a festival running alongside the games. Spirit of Ninety One. Ms Mandy Walker, the box office manager, peering at her advance bookings decided that "a lot depends on what happens at the door".

The bookings are strong where you would expect them to be, regardless of the games - shows where local kids draw in their mums and dads, fireworks and lasers at Chatsworth House in Derbyshire.

Sheffield is not yet an *en fête*. Indeed the games themselves are scarcely a sell-out.

"The opening ceremony is selling well, all the covered seats are gone. There's only open terracing left," said the organisers.

That takes place tomorrow evening at the Don Valley Stadium, capacity 25,000. But the covered area is a quarter of the whole. The games, the organisers conceded, "are a loss seller - people don't buy tickets".

People who have been buying ahead are the members of the Labour-controlled council who saw the games as a chance to put a regenerating

Assurance given on leasehold legislation

By Ivor Owen,
Parliamentary Correspondent

LEGISLATION to benefit at least 1.5m leaseholders of flats would not force the current property owners to accept "confiscatory" prices, Sir George Young, the housing minister, assured the Commons yesterday.

He confirmed that legislation would be introduced as soon as possible for a system of commonhold.

This would give long-leaseholders of flats the collective right to buy the freehold of their homes at market value.

Sir George emphasised that the price paid by leaseholders would not be "market value" but reflect the fact that they held long leases.

The announcement received a general welcome, with opposition MPs contending that its timing had been influenced by the approach of a general election.

Mr William Benyon, Conservative MP for Milton Keynes, highlighted the fact that existing owners of leasehold property would not secure the full value.

He added: "This may buy votes, but it is not equitable."

The minister said it was proposed that commonhold should be available for all types of building, whether residential or commercial.

Conversion of existing premises to the commonhold system would be optional, although it might be necessary to make provision to override the objections of a small minority of leaseholders.

Dealing with residential blocks, Sir George said the right to buy the freehold would apply to properties containing two or more flats held by qualifying long-leaseholders.

It would also be conditional on at least two thirds of the flats being held by qualifying long-leaseholders and where not more than 10 per cent of the internal floor space, excluding common parts, was used for non-residential purposes.

University places filled rise 7% to reach record

By Andrew Adonis

THE number of UK university places accepted by applicants last year was a record 110,233, almost a 7 per cent increase on 1988.

Figures released by the Universities Central Council on Admissions (UCCA) yesterday showed that the number of applications made to its 86 affiliated institutions was also a record, at 220,804. This represented a 7.6 per cent increase on 1989 in British applications, and an 11 per cent increase in those from overseas.

Mr Branson rejected claims that it was due to the introduction of fees.

Mr Branson said: "I am

almost a quarter between 1988 and 1990.

Social science courses attracted the highest number of applications, followed by languages, engineering, technology and business studies.

Of the 99,337 places awarded to UK applicants last year, more than 80 per cent were on the basis of A-level qualifications, on an average point score equivalent to grades BBC.

UCCA Statistical Supplement 1989-90, PO Box 22, Cheltenham, Glos. GL50 3SA. £1.

BASE RATE

Coutts & Co have reduced their Base Rate from 11.5% to 11% per annum with effect from the close of business on Friday 12th July 1991.

All facilities (including regulated consumer credit agreements) with a rate linked to Coutts Base Rate will be varied accordingly.



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With effect from close of business on 12 July 1991
Base Rate has been decreased from 11.5% to 11% per annum.

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Lloyds
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THE THOROUGHBRED BANK.

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National Westminster Bank announces that with effect from 12 July 1991 its Base Rate is reduced from 11.50% to 11.00% per annum.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to NatWest Base Rate will be varied accordingly.

National Westminster Bank PLC
41 Lothbury London EC2P 2BP

ANZ Grindlays Base Rate

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ANZ Grindlays Bank
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Girobank announces that with effect from close of business yesterday (12 July 1991) its Base Rate was reduced from 11.5% to 11% per annum.

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FINANCIAL TIMES

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Weekend July 13/July 14 1991

Mr Major's G7 summit

THE WORLD economy remains in a fragile condition. What better way to focus the minds of the leaders of the seven largest industrialised countries than to hold their annual summit in the sickest, most recession-bound, economy of all. Mr Major would have wished otherwise for his first summit as prime-minister. For London's taxi drivers and restaurant owners, the arrival of the G7 jamboree should provide a welcome, if short-lived, boost. For Mr Major, the chief economic question is whether the rest of the G7 will help to pull the UK out of its recession.

He will find that the US has little sympathy with his plight. The UK, with Germany, led the opposition to the US proposal for a concerted cut in interest rates at the Washington summit of G7 finance ministers in May. Since then, while the UK recession has deepened, the US economy appears to have emerged from a relatively short shallow recession, though the recovery has been weak so far.

The architect of the US success is Mr Alan Greenspan, once a villain to the US administration, but recently confirmed for another four-year term as chairman of the board of governors of the Federal Reserve. The hero-worship will soon disappear if the recovery is short-lived. This it could prove to be, since many of the underlying sources of US economic weakness remain.

To Mr Major, news about the Japanese government's embargoes over financial villains was seem remote. As a result of the weak equity market, however, many banks find themselves struggling to keep their capital-to-assets ratios above the BIS minimum. A sharp fall in Japanese bank and corporate confidence would damage the prospects for a world economic recovery this year.

German confidence

At least there is no loss of confidence in Germany. Mr Theo Waigel, the finance minister, expects economic growth to exceed the forecast 2.9 per cent this year.

Yet this is not unalloyed good news for the UK. There is the risk of still higher German interest rates. But they are already at painfully high levels, particularly in real terms; and the annual growth rate of broad money is already in the bottom half of the new target range announced by the Bundesbank this week. This seems to explain why, despite inflationary pressure, the Bundesbank did not raise interest rates at Thursday's council meeting. Its tactic appears to

be to threaten to raise interest rates in order to congratulate them when it keeps them where they were.

The UK, while sparing US calls for interest rate co-operation, has been copyng the German approach to monetary policy in a recession: keep the interest rates cuts small, but keep them coming. Yesterday's cut in UK interest rates was the sixth half percentage point cut since February. Base rates have now fallen by 4 percentage points since October.

Yet it was the news that German rates did not rise, rather than any good news on inflation, which allowed the UK to cut interest rates again yesterday.

On inflation, the news was discouraging. The annual rate of retail price inflation did not fall last month, as expected, but remained unchanged at 5.8 per cent. But the government's favoured measure of underlying inflation - the RPI, excluding mortgage interest payments - rose by 0.3 percentage points, to 6.9 per cent.

Underlying trend

Nevertheless, the underlying trend in price inflation is down, with wage inflation following sluggishly behind. Producer price inflation, which has remained stubbornly resistant to the government's anti-inflationary policy, fell by 5.7 per cent in the year to June.

Sadly, output and unemployment have proved more responsive to the government's high interest rate policy. The economy may now have entered its fifth quarter of recession; but there is little sign of recovery, despite the continued optimism of the government's economic adviser.

Bankruptcies and redundancies continue to rise - yesterday's announcement of 900 job losses at the Findus food factory in Grimsby is typical - and there are more to come. Consumers have not yet responded to falling nominal interest rates. Retail sales in the six months to May were 0.2 per cent lower than in the previous six.

The lags in monetary policy are long. All the government can do is to keep cutting interest rates as the European exchange rate mechanism allows. Encouragingly, sterling rose yesterday against the D-Mark following the cut. A further two or three half-point cuts in interest rates should be possible by the end of the year.

Even then, the British economy is unlikely to deliver a strong recovery in the next 11 months. Mr Major should try to enjoy his first summit. Unless, the UK follows the US out of recession soon, it could be his last.

Abu Dhabi has come a long way since the birth of Zayed, fourth son of Sultan al-Nahyan, in about 1915. Few records of that era survive, but it is known that the emirate's leading family boasted 150 horses and 400 camels, and Sheikh Zayed's father and uncles were so prone to murdering each other that his mother Salama made her sons swear not to do likewise.

The al-Nahyan have since grown rich and peaceful on the oil that was found beneath the desert and the waters of the Gulf. As president of the United Arab Emirates and ruler of Abu Dhabi (the wealthiest of the UAE's seven fiefdoms) Sheikh Zayed has modernised the country at breakneck speed.

Until last week life was better than ever. Abu Dhabi had survived two Gulf wars in just over a decade without any lasting damage, and the oil-based economy was still thriving. Immigrant Asian workers were stringing up coloured lights from lamp-posts and trees to mark the 25th anniversary of Sheikh Zayed's accession as ruler. Then the news broke that the Bank of England and other regulators had seized the assets of the \$20bn (£13bn) Bank of Credit and Commerce International (BCCI) and shut the bank down after they said they found evidence of a large-scale fraud going back a number of years.

There has been no suggestion that members of the al-Nahyan family were involved in any fraud themselves. But they are deeply involved in the bank, and the scandal has exposed them to unprecedented international embarrassment. Sheikh Zayed, befriended by Agha Hassan Abedi, the Pakistani banker, helped to found BCCI in 1972. The Abu Dhabi government and ruling family increased their stake in the bank from 36 per cent to 77 per cent last year in an effort to gain control and reform the bank completely after two subsidiaries admitted drug money laundering in the US.

Sheikh Zayed departed for a

At the end of a week in which the effects of the closure of the \$20bn Bank of Credit and Commerce International have been felt from the Western Isles of Scotland to the Cayman Islands of the Caribbean, many tough questions remain.

Bank of England regulators and their counterparts worldwide are asking whether there needs to be a radical shake-up in the way banks are operated and controlled. The UK's Serious Fraud Office is asking who perpetrated the alleged frauds within the bank. Accountants at Price Waterhouse, BCCI's auditor, are asking whether they should have been aware earlier of the full extent of the problems at the bank. And depositors are anxiously asking whether they will get any of their money back.

As the network of alleged fraud was unravelled during the week, its scale still remained obscure, as did the personalities of the men behind it. The issue of who is to blame is still wide open. No arrests have been made, though congressional hearings in the US are set to start into the fate of hundreds of millions of dollars of funds deposited with BCCI by Third World central banks.

The further the tremors from BCCI run, the sharper the questions posed by its closure. Why did it take the authorities so long to deal with an institution that had well-known criminal connections and whose parious financial condition had already given cause for concern?

According to Mr Pierre Jaans, the banking supervisor in Luxembourg where BCCI's European operation is based, the alleged fraud which triggered the shutdown went back "beyond 1985", and had therefore been going on for at least six years.

For the past three years, BCCI's sprawling worldwide operations were supervised by a "college" of supervisors from the countries where it had its main businesses. These included the Cayman Islands, the base of a \$7m subsidiary, Mr John Atkinson, the Cayman Superintendent of Banks, said the first time the college discussed possible fraud in BCCI was on July 2 this year when it was presented with the results of an investigation by Price Waterhouse and immediately took the decision to shut the bank down.

The Cayman Islands are, in fact, used by banks as a booking centre with book-keeper bankers - the \$640m booked in the islands in 1989 is within more than a ledger entry.

Grand Cayman, the main island, markets itself as a tax haven, and BCCI was able to exploit its strong bank secrecy laws to hide many of its most dubious transactions and bad loans.

Although Price Waterhouse completed no fewer than 10 special reports on BCCI since it took over as the bank's auditor in 1988, these, according to the Bank of England, dealt mainly with technical matters to do with control systems. "It was seen to be a bad bank but not a crooked bank," said an official.

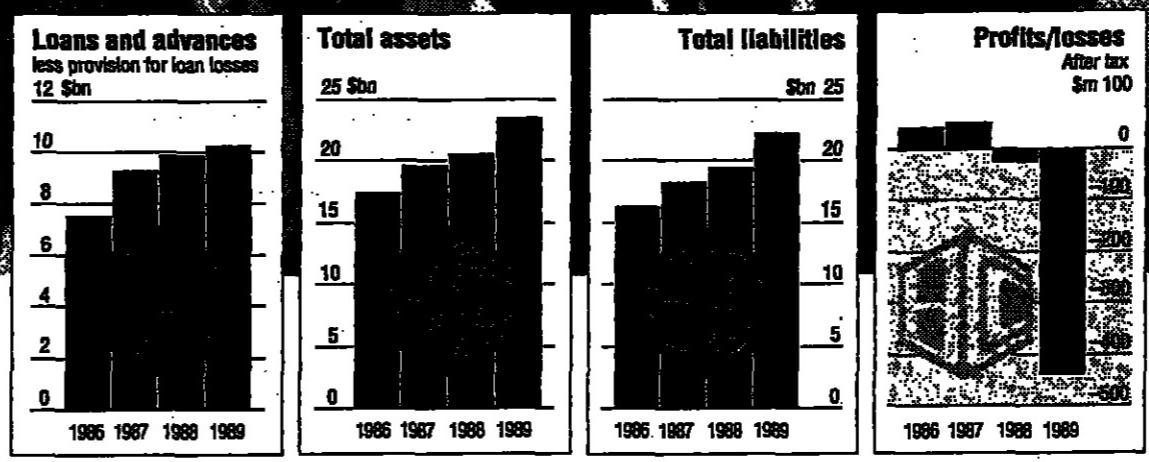
Yet several former executives of BCCI say the existence of unusual practices was well-known within the bank. One of them explained how some bank officials deceived auditors for many years. He said the accounts used to be falsified around September before the auditors came in. "The figures were reversed after the year-end on December 31st," he said.

This creative accounting, he said, sometimes completed with the knowledge of the client, allowed the bank to show more profitable commissions on its books during the last quarter of the year. He said: "They might charge a 5 per cent commission on transactions during this time, but after the end of the year they would put things right with the customer who might, in fact, be paying 1 per cent commission."

Bank of England investigators now allege that BCCI was riddled with fraud which "went right through the place", said one official.

Tough questions stemming from the closure of BCCI confront banking regulators, write Richard Donkin and David Lascelles

The scandal that remains a mystery



place", said one official. Several types of fraud are being investigated.

The most serious was a concerted attempt by some of the bank's senior management to disguise losses which the bank had suffered from bad loans and speculation in the money markets. Deposits were allegedly taken in which were not entered on its books.

Instead, the money was used directly to plug the bank's losses. But because this meant the deposit was a loss, too, further deposits had to be obtained to pay off the original depositor. This created a never-ending spiral of lost deposits.

Bad loans were also said to have been paid off when in reality they were transferred to a different part of the bank. BCCI would allegedly use its 68-country network to shuffle assets into subsidiaries which were only lightly supervised, and transfer capital into countries that were closely supervised.

In another type of fraud, the investigators found evidence that some bank officers may have siphoned money out of the bank and into their own pockets. Other kinds of fraud have also been uncovered, according to an official.

The extent of the fraud, and even the shutdown, might have been averted if the supervisors had acted sooner. Several former executives of BCCI have asserted that reports detailing evidence of fraud were passed to the authorities last year, but not acted upon. However, Bank of England officials are adamant that they did not receive convincing indications of fraud until the beginning of

this year when BCCI's new management alerted them to its existence.

Even so, a further question is why officials did not clamp down on BCCI after it was convicted in the US courts last year of laundering drug money - a case which occurred just after the Basle Committee, the top international banking watchdog, had issued new rules to combat money laundering.

Officials reply that the bank was being restructured, and the ruler of Abu Dhabi and his government were preparing to inject \$1bn of new money to help improve the balance sheet.

Observers have suggested that the BCCI was only able to move at the pace of its slowest member, and some of the countries where BCCI is located vetoed a crackdown because they wanted to avoid a scandal.

What is still far from clear is what the total bill stemming from the closure will be. The liquidators trying to wind the group up decline to put a figure on it until the picture becomes clearer. Mr Robin Leigh-Pemberton, the Bank of England governor, indicated that the losses for the European arm could be "several hundred million dollars".

When the Luxembourg subsidiary, which includes branches in the UK, was ordered to be wound up on Tuesday, it had resources of \$368m and losses of \$527m, implying a deficit of \$159m. This subsidiary accounts for just over a third of the total BCCI group.

One outstanding matter is whether the unrecorded deposits will be rated as part of BCCI's legal liabilities. If they are not it would be bad news for the depositors, but would mean that more was left in the company.

On a wider level, officials are looking carefully at the possible impact of BCCI's closure on general banking confidence. An expected "flight into quality" as a result of the BCCI affair is already apparent in the investment plans of many British local authorities caught out in the collapse. More than 50 UK local authorities could lose as much as £100m of public money, according to the Association of District Councils. A number of councils said that in future they would use any short-term surplus in funds to make short-term deposits only with the main UK clearing banks and the top building societies.

While European banks, in particular, are examining the financial repercussions of the action to close BCCI, the US is concentrating on the political considerations that are also involved. BCCI, under its founder, Mr Agha Hassan Abedi, had always been a bank that played politics.

For many years he courted Third World leaders, using certain charita-

MAN IN THE NEWS

Sheikh Zayed bin Sultan al-Nahyan

Desert fighter drawing on reserves of tolerance

By Victor Mallet



holiday in Switzerland on a private jumbo jet the day after BCCI was shut down, leaving his financial advisers to sort out the mess for which he may have felt they were responsible (if they had dared to tell him of the scandal at all). The ruler may also have thought he needed a holiday, having retaken the reins of government from his son Sheikh Khalifa, the Crown Prince, during the difficult days after the Iraqi invasion of Kuwait.

Still vigorous at the age of 75, Sheikh Zayed continues to enjoy his holidays, whether in Europe, Morocco or Pakistan.

He will be more than once be accompanied by senior BCCI officials on falconry expeditions in the Baluchistan desert. Few, however, would believe his achievements in Abu Dhabi and the UAE. With the connivance of the British government, he gently shoved aside his elder brother Sheikh Shakhbut (who refused to spend any oil revenues) on August 6

1966, and immediately began to order the building of schools, roads and sewers. At the first and so far only UAE presidential election in 1971, Sheikh Zayed has held the loose federation together by leaving Dubai to its own free-wheeling commercial devices and by using Abu Dhabi's oil money to support the poorer emirates. In a typical gesture on a recent visit to Fujairah, he called for the building of 400 houses at his expense, and his son Sheikh Khalifa ordered a further 150. Such patronage might not cut much ice elsewhere, but in the Gulf it is still the accepted system of government.

Mr Abedi portrayed BCCI as

a Third World bank, and although the UAE is part of the pro-western Gulf Co-operation Council which groups the conservative Gulf states, Sheikh Zayed has always had a soft spot for the Third World. Arab nationalism, the Palestinian cause and something he

used to call "Islamic socialism". Angered by the Egyptian-Israeli peace treaty in 1973, he said unpatriotically: "The people of the Gulf are not fit need of anyone to defend them, or of help from any quarter, except that there is no problem except under US influence in this area." Sheikh Zayed has not been saying such things recently.

Before taking over as ruler, Sheikh Zayed spent most of his youth in the al-Ain oases, in the desert west of Abu Dhabi town, and he was appointed as governor of the area by Sheikh Shakhbut in 1946. He was tutored but received no formal education. The author and traveller Wilfred Thesiger, who romanticised the Bedouin and went on a falconry trip with Sheikh Zayed, described him as "a powerfully built man of about 30 years with a brown beard. He had a strong intelligent face with steady, observant eyes and his manner was quiet but masterful.



Registered Office in Turin - Head Office in Rome
Share Capital Lit. 4,000,000,000 fully paid

PAYMENT OF DIVIDEND ON STET SHARES FOR THE FINANCIAL YEAR 1990

As resolved by the Shareholders' General Meeting held on the 21st of June 1991 the dividend for the financial year 1990 will be paid from the 17th of July 1991 in the gross unit amount of Lit. 120 for savings shares and of Lit. 100 for ordinary shares (against detachment of coupon n. 2).

The dividend will be payable:

- in Italy:
 - with the Company's Treasury Department at 28 Via Berlenga, Turin, or 41 Corso d'Italia, Rome;
 - with any other duly authorized banks, as well as through Monte Titoli S.p.A., for the shares managed by it;
- abroad:
 - London: Banca Commerciale Italiana - 42, Gresham Street
Credito Italiano - 17, Moorgate
Banco di Roma - 37, Gresham Street
 - New York: Banca Commerciale Italiana - One William Street
Credito Italiano - 375, Park Avenue
 - Paris: Banca Nazionale del Lavoro - 26, Avenue des Champs Elysées
 - Frankfurt am Main: Istituto Bancario San Paolo di Torino - Schillerstrasse, 26

IRI-GROUP

bie bodies and some media outlets. One of his techniques was to send BCCI bankers to solicit business after favourable newspaper or magazine features that had been arranged through his contacts had appeared. His efforts in the Third World brought many important accounts to the bank.

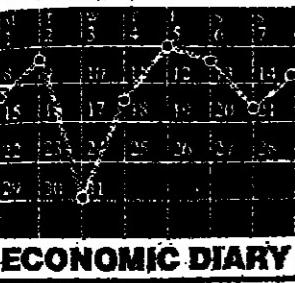
The son of a chief from one of Lucknow's most influential families, Mr Abedi graduated in law and English literature from Lucknow University before joining the Habib Bank in Bombay. The bank moved to the new state of Pakistan in 1947 where Mr Abedi, who took Pakistani nationality, was influenced by the desire of Mohammed Ali Jinnah, the founder of modern Pakistan, to develop a base for Muslim capital.

Mr Abedi befriended some of the families who ruled over Pakistan's economy, including the Saigol family who due to his expertise established United Bank. He also became friendly with some of the wealthiest Arabs in the Middle East, and it was they whom he approached when Mr Zulfikar Ali Bhutto came to power in 1971 and threatened to nationalise the banks.

BCCI, he decided, would be the bank that bridged the poverty gap between the rich northern hemisphere and the poor south. He had been promised Arab investment by sheikhs won over by his strong religious and mystical convictions and his promise to maintain Moslem values in the banks.

To win western confidence, however, Mr Abedi needed the support of a well-known banking institution.

This he obtained in 1972 when Bank of America agreed to take a large stake in BCCI

**ECONOMIC DIARY**

TODAY: Church of England General Synod meets in York (until July 16).

TOMORROW: National Savings results (June). Mr. George Bush, US president, in talks with Mr. François Mitterrand, French president, in Paris.

MONDAY: Food facts (first quarter), US business inventories (May). European Community agriculture council has two-day meeting in Brussels. The annual Group of Seven economic summit opens in London (until July 17). Bank of England to meet Abu Dhabi Government on BCCI. GPA annual meeting.

TUESDAY: Public sector borrowing requirement (June); US industrial production and capacity use (June). Central American summit opens in San Salvador (until July 17). British Airways annual meeting.

WEDNESDAY: US consumer price index (June); housing starts and real earnings during June. Mr. George Bush will have a special meeting with Mr. Mikhail Gorbachev, Soviet president, in London before the Soviet leader meets the Group of Seven heads of government after their annual summit. Council of Local Education Authorities annual conference in Exeter.

THURSDAY: Index of output of the production industries (May). Major British banking groups' monthly statement (June). Provisional estimates of monetary aggregates (June). Provisional figures of vehicle production (June). Labour market statistics; unemployment and unfilled vacancies (June-provisional); average earnings indices (May-provisional); employment, hours, productivity and unit wage costs; industrial disputes. Institutional investment (first quarter), US merchandise trade (May). Mr. George Bush pays three-day visit to Greece. Mr. Toshiaki Taishi, the Japanese prime minister, visits the Hague to discuss European Community accord. BT annual meeting. Meeting in London of local authorities affected by the closure of the Bank of Credit and Commerce International.

FRIDAY: Annual meeting of the Association of South East Asian Nations foreign ministers in Kuala Lumpur.

Continuing to investigate a fire which killed 139 people since the blaze was owned by Hays, a business record storage firm, which less than 1,000 jobs and only one customer.

such a small incident in the Frost, Hays chairman of gentry, investigating the floor was "affected by no ventilation; there is aid."

Mr. 31, HBS was sold to its profits up by more than one in the year to April from a number of exploration and mining.

evidence of the blaze at the warehouse is next door.

FT-ACTUARIES SHARE INDICES

The Financial Times Ltd 1991. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Friday July 12 1991						The 1st 10 11						Highs and Lows Index								
		Est. Dividend Yield (%)	EPS (P&L) (Net)	EV/EBIT	EV/Adj. P/E	EPS (Adj.) (Net)	EV/Adj. P/E	EPS (Adj.) (Net)	EV/Adj. P/E	EPS (Adj.) (Net)	EV/Adj. P/E	EPS (Adj.) (Net)	EV/Adj. P/E									
Index No.	Day's Change %	Max (25%)	Min (25%)	Max (25%)	Min (25%)	Max (25%)	Min (25%)	Max (25%)	Min (25%)	Max (25%)	Min (25%)	Max (25%)	Min (25%)	Max (25%)	Min (25%)	Max (25%)	Min (25%)	Max (25%)	Min (25%)	Max (25%)	Min (25%)	
1 CAPITAL GOODS (184)	80271	-0.2	11.60	6.01	11.40	804.15	799.69	794.74	883.34	890.04	15/5	675.31	1a/1	1038.07	16/7	16/7	50.71	131/274				
2 Building Materials (121)	10221	-0.1	9.56	6.11	13.24	50.50	1121	1123	47.45	56.56	1438.15	15/3	1021.83	1a/1	1381.08	16/7	16/7	44.27	131/274			
3 Construction (31)	1133	38	9.83	8.88	13.44	31.87	1133.61	1128.27	1125.47	1432.56	1438.19	15/3	1114.44	1a/1	1381.08	16/7	16/7	44.27	131/274			
4 Electricals (10)	2280	-0.7	11.26	5.87	11.30	30.46	1021.95	1023.27	1239.35	2495.28	3/4	1037.58	2/2/1	1040.80	1/9	1/9	1/9	1/9	1/9	1/9	1/9	
5 Electronics (25)	17175	-0.2	8.78	5.24	15.16	10.13	1714.26	1707.09	1640.04	1638.29	1958.19	15/3	1478.00	16/1	1208.22	17/5	16/5	71.49	2/12/74			
6 Engineering-Aerospace (8)	40670	-0.2	16.84	6.17	7.13	10.83	407.83	407.83	407.83	407.83	407.83	15/4	380.48	1a/1	504.24	1a/1	150.48	16/1	16/1	16/1	16/1	
7 Engineering-General (46)	43331	-0.1	5.35	4.91	9.61	9.92	433.45	433.45	433.45	433.45	433.45	15/4	380.48	1a/1	504.24	1a/1	150.48	16/1	16/1	16/1	16/1	
8 Metals and Metal Forming (8)	336	71	-0.5	16.15	8.09	7.60	3.42	438.68	438.68	435.19	482.21	509.18	1/4	381.54	2/2/1	596.67	9/10/87	49.65	6/1	17/5		
9 Motors (12)	304	11	-0.5	12.99	7.95	9.08	9.48	302.73	298.85	301.47	364.78	360.54	14/3	1126.17	1a/1	414.42	13/1/89	19.91	6/1	17/5		
10 Other Industrial Materials (22)	1202	-0.5	9.14	2.26	12.86	34.85	1532.70	1522.02	1507.69	1616.13	1616.13	4/4	1147.76	1a/1	1881.53	1a/1	1881.53	1a/1	1881.53	1a/1		
11 Plastics (187)	1202	-0.5	15.40	4.02	22.68	1471.01	1467.06	1456.76	1456.76	1456.76	15/4	1188.45	1a/1	1490.47	11/6	11/6	61.41	13/1/74				
12 Printed Circuits (25)	1099	-0.1	8.60	3.70	12.50	12.50	1121.45	1121.45	1121.45	1121.45	1121.45	15/4	1184.13	1a/1	1184.13	1a/1	1184.13	1a/1	1184.13	1a/1		
13 Food Manufacturing (19)	1159	32	-0.7	9.81	4.23	12.88	23.33	1121.73	1121.73	1121.73	1121.73	1121.73	15/4	1121.60	1a/1	1121.60	1a/1	1121.60	1a/1	1121.60	1a/1	
14 Food Retailing (17)	2641	-0.7	8.10	3.15	16.16	31.61	2649.84	2649.84	2649.74	2649.52	2649.52	2/15	1252.95	1a/1	2851.92	1/3	2851.92	1/3	2851.92	1/3	2851.92	1/3
15 Health and Household (22)	3555	-2	-1.0	5.35	2.42	21.34	30.21	3591.23	3586.99	3560.99	3620.32	3620.32	11/7	2454.93	1a/1	3591.23	1/1/91	17.38	2/2/95	1/2/95		
16 Hotels and Leisure (23)	1212	78	-1.10	10.49	2.71	11.38	29.89	1221.09	1221.09	1221.09	1221.09	1221.09	15/3	1066.91	1a/1	1205.77	8/1/91	56.83	3/1	17/5		
17 Media (26)	1139	11	-0.9	9.15	5.03	13.86	29.60	1385.58	1385.58	1385.58	1385.58	1385.58	15/4	1116.51	1a/1	1161.07	1a/1	1161.07	1a/1	1161.07	1a/1	
18 Packaging, Paper & Printing (17)	701	-0.8	8.01	4.70	15.06	14.33	701.72	701.72	701.72	701.72	701.72	15/4	1179.48	1a/1	1179.48	1a/1	1179.48	1a/1	1179.48	1a/1		
19 Stores (22)	918	24	-0.4	8.44	3.95	15.48	21.92	914.63	914.63	914.63	914.63	914.63	15/4	766.41	1a/1	1160.58	5/9/91	52.63	6/1	17/5		
20 Textiles (49)	538	30	-0.3	9.31	5.70	13.33	13.79	536.62	536.62	536.62	536.62	536.62	15/4	563.46	3/4	396.55	2/8/91	52.63	6/1	17/5		
21 OTHER GROUPS (109)	538	30	-0.3	9.31	5.70	13.33	13.79	536.62	536.62	536.62	536.62	536.62	15/4	563.46	3/4	396.55	2/8/91	52.63	6/1	17/5		
22 Banks (9)	1219	-0.6	10.75	5.07	12.00	22.00	1223.38	1223.38	1223.38	1223.38	1223.38	15/4	961.65	1a/1	1240.16	11/6	1240.16	11/6	1240.16	11/6		
23 Chemicals (21)	1237	-0.6	8.06	4.06	12.50	23.33	1271.05	1271.05	1271.05	1271.05	1271.05	15/4	1272.62	1a/1	1272.62	1a/1	1272.62	1a/1	1272.62	1a/1		

INTERNATIONAL COMPANIES AND FINANCE

Foreign banks warn Rome over farm group's failure

By Haig Simonian in Milan

FOREIGN bank creditors to Federconsorzio, the bankrupt Italian farm services group, have threatened wide-ranging legal action against the Italian government in their strongest statement yet on the company's collapse.

Following a meeting in London on Thursday, the foreign banks warned of legal action against the directors, auditors and supervisory authorities involved with Federconsorzio.

Last week, Mr Giovanni Goria, Italy's farm minister, announced that Federconsorzio would seek a judicial composition among creditors, a procedure which, if approved, would allow creditors to receive a minimum 40 per cent of their loans.

The foreign banks' threat would take effect should the composition procedure reveal any negligence or impropriety. Among the possible triggers to legal action cited by foreign

bankers are misrepresentation of the group's position in its books, undue favour to shareholders in its business activities, the undue diversion of resources or "other illegal behaviours".

Legal action would not necessarily take place in Italy, but in whatever jurisdictions the foreign lenders feel appropriate, they say.

The threat is potentially explosive for a number of reasons, most notably the widespread belief that Federconsorzio's activities and finances may have been exploited for political ends over the years.

The banks' statement follows the publication this week of details of Federconsorzio's financial position, showing its assets cover only 82 per cent of its liabilities.

According to the foreign banks, which have demanded full repayment of their loans, Federconsorzio is a *de facto* pub-

lic entity, meaning that it is up to the Italian government to find "an appropriate solution" for full repayment. The banks say the government is shirking its responsibilities through "formalistic excuses of a pure legal nature".

The government's response is "politically driven" and a "breach of unwritten rules which the international financial community is not prepared to ignore," they say.

In their statement, the foreign banks make their most public threat to date that they will boycott Italian borrowers in the international financial markets. "Any attempt to exploit [international financial markets] through cleverness would just be a step towards self-exclusion," they say in a thinly veiled attack on the Italian government.

They also accuse the authorities of refusing to negotiate and ignoring earlier suggestions.

Viag buys Thurn und Taxis units

By Andrew Fisher in Frankfurt

THURN und Taxis, the wealthy Bavarian family business empire, yesterday said it planned to sell majority stakes in two of its industrial companies to Viag, a Bonn-based conglomerate.

At the same time, Metallgesellschaft, the Frankfurt metals and engineering concern, announced it had bought the remaining 49 per cent of Lemies, the energy and environmental engineering company in which it already had a controlling interest.

Both Viag and Metallgesellschaft have been active on the acquisition trail this year, but the latest transactions are fairly small by their recent takeover standards.

Thurn und Taxis said it intended to sell majority hold-

ings in two metal-working operations, Union and Dudo-Edelstahl, with a combined turnover of DM540m (\$280m).

The sale will be the first large disposal from the far-flung Thurn und Taxis business, financial and real estate assets since the death of Prince Joachim von Thurn und Taxis last December.

Dudo, which supplies precision metal materials to the electrical and electronic industries, is the larger of the two; it has operations in North and South America, as well as in Germany, France and Spain.

Union, a metal-stamping company based in central Germany, both will link up with SKW Trostberg, Viag's chemi-

cals and metallurgical subsidiary.

In May, Viag bought the European operations of Continental Can of the US; it gave no price, but analysts said the deal was worth at least DM1.5bn. Viag made no comment yesterday on why it was buying the Thurn und Taxis companies or how much it was paying.

For Metallgesellschaft, the purchase of the remaining shares in Lemies, which had an order book in the financial year to last September of DM1.4bn, comes shortly after the agreement of its biggest ever deal, the purchase for DM1.45bn of the non-pulp and paper activities of Feldmühle Nobel, owned by Sweden's

Stora.

Japanese increase Rockefeller stake

By Robert Thomson in Tokyo

MITSUBISHI Estate, the Japanese real estate company, has spent \$416m to increase its stake in the Rockefeller Group (RGI) from 5.8 per cent to 80 per cent and to complete a deal that gives it control over prime New York properties.

The original contract, agreed in late October 1989, stirred controversy in the US over Japanese investments, and, in particular, over acquisitions of properties considered to be important US symbols.

At the time, Mitsubishi Estate defended the purchase by saying that it would like to "mirror the vision" of

the philanthropic Rockefeller family.

Mitsubishi Estate said yesterday that the latest purchase "strengthens our bond with RGI, demonstrates our confidence in the management of RGI, and reaffirms our long-term commitment to building solid businesses in the world's three major financial centres" - New York, London and Tokyo.

Under the original agreement with the Rockefeller family trusts, the additional 22.7 per cent will be the final transfer to Mitsubishi Estate.

Rockefeller Group includes

Rockefeller Center Management Corporation, and Radio City Music Hall Productions, and the properties controlled include 12 buildings in the Rockefeller Center and two buildings near the complex.

The size of Mitsubishi Estate's long-term share of the Center is complicated by a public offering in 1985, which, if all the conversion options are exercised, provides for public ownership of the complex in the year 2000.

The new subsidiary, Daishin International (Europe), is capitalised at £7m and will specialise in Korean equities.

Board meets over Time Warner rights issue

By Sara Webb

THE BOARD of Time Warner, the US entertainment and media group, met yesterday to discuss approval of a \$2.75bn fully-underwritten rights issue. An earlier proposal to raise up to \$3.5bn had come under attack from shareholders and the Securities and Exchange Commission.

Under the new proposal Time Warner would issue 34.45m shares. Shareholders would receive three shares at \$80 per share for every five shares held.

Salomon Brothers will underwrite about \$1bn. It has put together a group of underwriters thought to include Goldman Sachs, Merrill Lynch, Credit Suisse First Boston, Nomura, and S.G. Warburg, who will together underwrite about \$900m.

The new conditions are expected to overcome some of the main problems with the earlier proposed rights issue. This was not underwritten, leading to criticisms over why the investment banks involved were charging between \$41m and \$45m in fees when they were not taking on any risk themselves.

Fees on the new rights issue will be 2 per cent, plus a "success fee".

Secondly, the rights will be taken up at a guaranteed price. This contrasts with the earlier situation where it was proposed that the value of the rights would change in proportion to the number of shareholders taking up the offer.

The shares would have been priced at between \$63 and \$105 depending on how many rights were exercised.

If the rights issue wins board approval it will be used to pay off part of Time Warner's \$1bn debt, the result of the companies' merger two years ago.

Time Warner's earlier abortive attempt to raise up to \$3.5bn through a rights issue sparked off a spate of shareholder lawsuits.

Daishin Securities in London move

DAISHIN Securities has become the first Korean securities firm to have a subsidiary in London, following the upgrading of its representative office, writes Tracy Corrigan.

Other Korean securities firms are expected to follow suit as they build up a presence in Europe ahead of the opening of the Korean stock market to foreign investors at the start of 1992.

The new subsidiary, Daishin International (Europe), is capitalised at £7m and will specialise in Korean equities.

Alcatel buys Rockwell unit

By William Dawkins in Paris

ALCATEL, Europe's largest telecommunications equipment supplier, is to pay \$225m for the transmissions unit of Rockwell International, the US electronics, aerospace and automotive group.

The deal, expected to be completed by the end of September, will boost the Dutch registered company's share of the \$5.5bn US transmission equipment market from the current 4 per cent to 15 per cent.

It gives Alcatel a distribution network in a market that is growing at an estimated 10 per cent annually, twice as fast as European demand for transmission gear, and is notoriously hard for non-US suppliers to penetrate.

Alcatel, headed by chairman

Mr Pierre Suard, now becomes the second player in the US transmission market, although still a long way behind American Telephone & Telegraph, which has a 55 per cent share.

This is the biggest expansion of Alcatel's transmission business, one of the fastest growing areas of the telecommunications equipment market generally, since last year's complex exchange of assets with Fiat, the car group, in which Alcatel took control of the Italian company's Telettra telecommunications equipment subsidiary.

Alcatel started negotiating with Rockwell soon as the US company announced that it was putting the division up for sale last April. It is understood

that Alcatel's main European competitors, Ericsson of Sweden and Siemens of Germany, were also interested.

"Up until now, Alcatel had been criticised for being weak in the US. Now it is doing something about this," said Mrs Angela Dean, European technology analyst for Morgan Stanley.

Last year, Alcatel had \$13m turnover in US telecommunications, giving it 4 per cent of the transmission equipment market.

Alcatel started negotiating with Rockwell soon as the US company announced that it was putting the division up for sale last April. It is understood



Pierre Suard: boosts US market share to 15 per cent

Rockwell's transmission systems unit reported \$239m of sales in the year to last September, giving it an 11 per cent market share. Three quarters of its turnover is of cable transmission equipment.

Spain fends off Ferruzzi group bid

By Tom Burns in Madrid

SPAIN'S agriculture ministry has beaten off a bid by Italy's Ferruzzi group to acquire the second largest domestic edible oils producer.

Koipe, a company controlled by Eridiana, Ferruzzi's agro-industrial arm, has agreed to abandon plans to make a public share offering for Elosua, which is 27 per cent owned by the Spanish state, in a shareholder pact with two private groups that own a further 24 per cent of Elosua's equity.

Last month Koipe paid \$63m for 24.9 per cent of Elosua from Paribas and had an option to acquire a further 5 per cent from the French bank. Such a move could have triggered a full bid.

The agriculture ministry stepped in on the grounds that the edible oils sector was a strategic one and that control of Elosua should remain in Spanish hands.

The absorption of Elosua by Koipe would have gained the Ferruzzi group control over 64 per cent of Spain's heavy olive oil market, a 31 per cent quota of the lighter olive oil market and 40 per cent of the sunflower seed market.

Koipe's 5 per cent share option in Elosua will be acquired by Banco Bilbao Vizcaya, the big Spanish retail bank, and Koipe will be represented on Elosua's management board.

CORRECTION

Kyosan Electric

It was wrongly reported yesterday that Kyosan Electric had been delisted from the first section of the Tokyo Stock Exchange. The company delisted was Kyosan Cable.

Westinghouse Electric falls 50%

By Patrick Harverson in New York

WESTINGHOUSE Electric, the diversified US technology group, yesterday announced a 50 per cent decline in second quarter earnings alongside a warning that profits for the remainder of the year could be down by as much as 25 per cent.

The company, which earlier this year began a restructuring of operations aimed primarily at its financial services subsidiary, earned net income of \$127m between April and June this year, compared with \$252m in the same quarter a year ago.

Few of Westinghouse's diverse divisions escaped the downturn. Profits on its broadcasting unit were hit by the effect of war abroad and recession at home on television advertising revenues.

There was a similar story at the environmental systems, financial services and industrial divisions.

The electronic systems unit

bright spots were a rise in revenues at the Knoll Group and the power systems division.

The outlook for Westinghouse remains bleak. Mr Paul Legn, chairman of the group, said yesterday: "Our expectations of an early and strong economic recovery have not materialised. That, coupled with the fact that many of our businesses customarily lag the economy, will adversely impact our second half."

By midday yesterday Westinghouse shares had fallen \$1 to \$25 on the New York Stock Exchange.

Pirelli chief hopeful on Conti talks

By Tom Burns in Madrid and Ronald van der Kroft in Amsterdam

PIRELLI chairman Mr Leopoldo Pirelli said yesterday he hoped that the co-operation talks with Continental, the German tyre group, could lead to an agreement before the end of the year. Reuter reports from Milan.

"The climate is constructive. We hope in the autumn months to make further progress," Mr Pirelli said. "I am optimistic on a positive final solution, but whether it is integration or collaboration is what we are discussing."

"To talk about a merger would be placing pre-conditions," he added, reiterating that a variety of solutions was being discussed between the two sides.

Since the two companies resumed their negotiations in May, Mr Pirelli said, "the discussions are being held respecting each other's ideas, which inevitably are different but getting closer."

Karier this week Continental executives said at the company's annual meeting that no substantive results had yet emerged from the talks.

Spanish group loses three directors in Akzo clash

By Tom Burns in Madrid and Ronald van der Kroft in Amsterdam

THE THREE Spanish directors on the board of La Seda, the big Spanish synthetic fibres producer, announced their resignations yesterday following a management deadlock with La Seda's parent company, Dutch chemical group Akzo.

Akzo is trying to sell out of La Seda but its creditor banks have said they refuse to shoulder the company's debts in the event of the Dutch group withdrawing.

Mr Lorenzo Gascon, La Seda's chairman, said an extraordinary shareholders' meeting would be held in August fuelling speculation that the company, which has a labour force of 2,500, could be forced to suspend payments as a preliminary step towards an eventual declaration of bankruptcy.

Such a development would send shockwaves through the Spanish business community both because of the prestige of the company and because it has been directly brought about by a multinational's loss of confidence

in its domestic subsidiary. La Seda's 12 creditor banks, including a number of foreign ones, have refused Akzo's disinvestment package. Under this the Dutch group would have handed over its 57 per cent shareholding in La Seda to the banks and paid them \$10m (\$70m), just over half La Seda's debts, on condition that their credit lines to the company remained open.

Akzo said that following the banks' rejection of its proposal, it would transfer its shares to a "third party". It said it could not afford to keep putting money into La Seda which for this year had run up losses of \$10.5m.

Akzo said it had reached an agreement in principle on transferring its 57.5 per cent stake in La Seda to a group of unnamed Spanish investors. But it added that it would be willing to reopen talks with La Seda's creditor banks on transferring the shares to them instead if they reconsidered their earlier rejection of a package put forward by Akzo.

Chicago

Close	Previous	High/Low
\$20.1	\$20.0	21.50/21.52
\$20.1	\$20.0	21.77/21.77
\$20.1	\$20.0	21.10/21.10
\$20.55	\$20.45	20.48/20.48

SOYABEANS 5,000 bushels/cwt/bushel

Close	Previous	High/Low

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar hit by intervention

C O - O R D I N A T E D INTERVENTION by central banks pushed the dollar down sharply yesterday. The US Federal Reserve and German Bundesbank led an attack on the dollar, and were joined by others, including the Bank of England, Swiss National Bank and the Bank of France. The move was made ahead of Monday's meeting in London of leaders from the world's leading Group of Seven industrial nations.

After a strong start at DM1.8500 the US currency was hit by a round of selling from European central banks, led by the Bundesbank. Later in the day further intervention involved the Federal Reserve and was taken as a strong indication of the central banks' resolve about the strength of the dollar.

Dealers suspected that the Fed only decided to join in the intervention after the Bundesbank had agreed not to raise official interest rates at Thurs-

day's meeting of the German central bank's council.

Weaker than expected US economic data also encouraged the dollar to decline. Retail sales fell by 0.2 per cent in June, reflecting a general fall in demand for most items, except new cars. Economists expected a weaker figure than May's revised 0.8 per cent increase, but still believed a rise of around 0.5 per cent was likely. US producer prices fell 0.3 per cent, against forecasts of a flat figure.

At the London close the dollar had fallen to DM1.7890 from DM1.8335; to Y136.75 from SF1.5589; and to FF16.0725 from FF16.2125. It then slipped to 67.6 from 68.6.

With the spotlight fixed on the dollar's sterling attracted little attention, but was notably firm despite yesterday's cut in UK bank base rates.

The UK Treasury still expects inflation of 4 per cent by the end of the year, but Mr

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS

Strike	Call Settlements	Put Settlements	Price	Set	Buy	Sell	Price	Set	Buy	Sell
3.40	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
3.43	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
3.47	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
3.51	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
3.55	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
3.58	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
3.61	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
3.65	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
3.68	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
3.72	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
3.75	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
3.78	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
3.81	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
3.85	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
3.88	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
3.91	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
3.95	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
3.98	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.01	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.04	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.07	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.11	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.14	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.17	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.20	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.23	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.26	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.29	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.32	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.35	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.38	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.41	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.44	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.47	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.50	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.53	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.56	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.59	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.62	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.65	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.68	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.71	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.74	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.77	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.80	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.83	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.86	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.89	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.92	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.95	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
4.98	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
5.01	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
5.04	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
5.07	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
5.10	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
5.13	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
5.16	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
5.19	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
5.22	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
5.25	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
5.28	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
5.31	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
5.34	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
5.37	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00
5.40	0.40	0.40	97	3.00	1.00	0.00	97	3.00	1.00	0.00</td

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details of those securities not included in the FT Share Information Services in which no business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talieman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 53(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd. £ Bargains at special prices. * Bargains done the previous day.

British Funds, etc

No. of bargains included 2111

Exch 100% Fd Stk 2005 - £102k

£100k

Guaranteed Export Finance Corp PLC

121% Gld Stk 2000(Fwd) - £112k

1%

Corporation and County

Stocks No. of bargains included 103

Green London Corporation 94% Ln Stk 9022 -

£28k

Birmingham Corp 92% Ln Stk 1992(after)

- £22k

London Corp 1992(after) - £25 (10k)

Birmingham Council 113% Red Stk 2012 - £101k

Crown Corp 93% Fd Stk 2005

£25k

Leeds City 101% Red Stk 2005 -

£112k 6

Leeds Corp 95% Fd Stk 1992(after)

- £22k

London Corp 93% Fd Stk 1992(after)

- £25 (10k)

Manchester Corp 101% Red Stk 2007 -

£105 (10k)

Manchester Corp 1981 3% Red Stk

1941(after) - £25

Nottingham Corp 94% Fd Stk 1992

£25k

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LONDON STOCK EXCHANGE

Inflation news depresses share prices

THE RECOVERY of confidence in the UK stockmarkets was jolted yesterday when a cut of only half a point in base rates was followed by disappointing news on domestic inflation. After a very brief upturn following the base rate announcement, share prices gave ground steadily as profits were taken ahead of the end of the equity account, which closed yesterday.

The cut of only half a point to 11 per cent in base rates was discouraging for a stock market which had already discounted such a reduction and where the optimists had been seeking a reduction of a full point. But the more serious blow came when the June retail price index disclosed that annualised inflation had remained unchanged from the previous month at 5.8 per cent.

Rule 535(2)

Adm. Corp PLC* Delisted

Adm. Corp. Telenet Delisted

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Unit	Offer	Price	+ w	Yield	Gross	Unit	Offer	Price	+ w	Yield	Gross	Unit	Offer	Price	+ w	Yield	Gross	Unit	Offer	Price	+ w	Yield	Gross	Unit	Offer	Price	+ w	Yield	Gross
N & P Life Assurance Ltd						Royal Heritage Life Assurance Ltd - Contd.						Swiss Life (KRO) PLC						ECU Futures Plc							Hambros Fd Mgmt (CDO) Ltd				
£-2 Bradford Rd, London W1C 4AL	071-323248					1 London St, Watford, Herts WD1 1JX	0423-400555					EMMA I Bond	14,530	4,315	754	100		PO Box 225, Guernsey	1,200	2,018	2,042	1,000			PO Box 225, Guernsey	1,200	2,018	2,042	1,000
Life Assur Co Ltd	120.0	117.5	-0.5			120.0	117.5					EMMA II Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA II Bond	14,530	4,315	754	100
Penion Managed Fd	120.5	117.5	-0.5			120.5	117.5					EMMA III Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA III Bond	14,530	4,315	754	100
Life Decons Fd	120.4	117.4	-0.5			120.4	117.4					EMMA IV Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA IV Bond	14,530	4,315	754	100
Penion Asses Fd	120.4	117.4	-0.5			120.4	117.4					EMMA V Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA V Bond	14,530	4,315	754	100
National Financial Management Corp. PLC						Providence Capital Life Ass. Co Ltd						EMMA VI Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA VI Bond	14,530	4,315	754	100
7 Queen St, London EC2V 5DZ	020-7502579					2 Derby St, London EC2R 7EP	0423-400560					EMMA VII Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA VII Bond	14,530	4,315	754	100
Managed Commodity	120.0	117.0	-0.5			221.7	221.7					EMMA VIII Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA VIII Bond	14,530	4,315	754	100
Managed Derivatives	120.7	117.0	-0.5			176.3	176.3					EMMA IX Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA IX Bond	14,530	4,315	754	100
Penion Funds						120.5	117.0					EMMA X Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA X Bond	14,530	4,315	754	100
Managed Commodity	120.4	117.0	-0.5			120.5	117.0					EMMA XI Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA XI Bond	14,530	4,315	754	100
Managed Commodity	120.4	117.0	-0.5			120.5	117.0					EMMA XII Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA XII Bond	14,530	4,315	754	100
Managed Commodity	120.4	117.0	-0.5			120.5	117.0					EMMA XIII Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA XIII Bond	14,530	4,315	754	100
Managed Commodity	120.4	117.0	-0.5			120.5	117.0					EMMA XIV Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA XIV Bond	14,530	4,315	754	100
Managed Commodity	120.4	117.0	-0.5			120.5	117.0					EMMA XV Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA XV Bond	14,530	4,315	754	100
Managed Commodity	120.4	117.0	-0.5			120.5	117.0					EMMA XVI Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA XVI Bond	14,530	4,315	754	100
Managed Commodity	120.4	117.0	-0.5			120.5	117.0					EMMA XVII Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA XVII Bond	14,530	4,315	754	100
Managed Commodity	120.4	117.0	-0.5			120.5	117.0					EMMA XVIII Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA XVIII Bond	14,530	4,315	754	100
Managed Commodity	120.4	117.0	-0.5			120.5	117.0					EMMA XIX Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA XIX Bond	14,530	4,315	754	100
Managed Commodity	120.4	117.0	-0.5			120.5	117.0					EMMA XX Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA XX Bond	14,530	4,315	754	100
Managed Commodity	120.4	117.0	-0.5			120.5	117.0					EMMA XXI Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA XXI Bond	14,530	4,315	754	100
Managed Commodity	120.4	117.0	-0.5			120.5	117.0					EMMA XXII Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA XXII Bond	14,530	4,315	754	100
Managed Commodity	120.4	117.0	-0.5			120.5	117.0					EMMA XXIII Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA XXIII Bond	14,530	4,315	754	100
Managed Commodity	120.4	117.0	-0.5			120.5	117.0					EMMA XXIV Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA XXIV Bond	14,530	4,315	754	100
Managed Commodity	120.4	117.0	-0.5			120.5	117.0					EMMA XXV Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA XXV Bond	14,530	4,315	754	100
Managed Commodity	120.4	117.0	-0.5			120.5	117.0					EMMA XXVI Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA XXVI Bond	14,530	4,315	754	100
Managed Commodity	120.4	117.0	-0.5			120.5	117.0					EMMA XXVII Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA XXVII Bond	14,530	4,315	754	100
Managed Commodity	120.4	117.0	-0.5			120.5	117.0					EMMA XXVIII Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100			EMMA XXVIII Bond	14,530	4,315	754	100
Managed Commodity	120.4	117.0	-0.5			120.5	117.0					EMMA XXIX Bond	14,530	4,315	754	100		EMMA I Bond	14,530	4,315	754	100		</td					

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AMERICA

Good inflation figures leave Dow struggling

Wall Street

SHARE prices were narrowly mixed yesterday morning as the stock market struggled with statistics: good inflation figures and lower bond yields contrasted with bad retail sales and poor second quarter earnings reports.

By 1 p.m. the Dow Jones Industrial Average was up just 0.57, at 2,900.42, trimming the early gains which had taken the index almost 20 points higher. The more broadly-based Standard & Poor's 500 moved in similar fashion, advancing firmly at the opening bell only to drop back to stand just 0.40 higher at 371.37 at 1 p.m. The Nasdaq composite of over-the-counter stocks was up 1.06 at 489.43. New York Stock Exchange turnover was 95m shares by 1 p.m.

Both share and bond prices opened higher on news that producer prices had fallen by 0.3 per cent in June. Analysts had not been expecting a fall of this size, and they said the data indicated that the Federal Reserve was winning the fight against inflation.

However, falling inflation can also be a reflection of a weak economy, a point that was supported by yesterday's news of a 0.2 per cent decline in June retail sales and by fresh announcements and warnings of poor second quarter company profits. Concern that the recovery will be slow was behind the retreat in stock prices late yesterday morning.

Among individual stocks affected by quarterly figures, Westinghouse Electric dropped \$1.12 to \$22.40 in active trading after the diversified group reported a 50 per cent decline in second quarter income to \$127m and warned that profits during the second half of the year could fall by as much as 25 per cent.

Becton Dickinson also fell sharply, plummeting \$7.75 to \$67 after the healthcare and industrial safety group said that it expected third quarter profit to come in well below analysts' estimates.

ASIA PACIFIC

Late buying lifts Nikkei towards the close

Tokyo

SHARE prices rose on light buying and the Nikkei average gained after fluctuating around the 23,000 level, writes *Emiko Terashima* in Tokyo.

The index opened at the day's low of 22,963.58 and then closed up 19.86 at 23,157.78, a rise of 1.04 per cent on the week.

The day's high was 23,163.28. Volume fell to 220m shares from 260m, due to the suspension of corporate business by the leading four securities houses until Monday.

Gainers led losers by 597 to 301, with 184 issues unchanged. The Topix index of all first section stocks rose 6.6 to 1,305.53 and in London, the ISE/Nikkei 50 index rose 4.16 to 1,386.42.

Position adjustment in futures contracts lifted the Nikkei in the morning. Afternoon profit-taking by trust banks briefly depressed share prices, but the index then rose on late buying by individuals and arbitrageurs.

Sony dropped Y230 to Y6,210 on rumours that its consolidated earnings for the first quarter would fall by 50 per cent. Weakness spread through

South Africa basks in warmth of global acceptance

But the market's giddy climb to record heights has prompted some nervousness, writes Philip Gavith

THE past week saw a pivotal shift in South Africa's relations with the world, but the Johannesburg stock market's giddy initial reaction to events has since been overtaken by second thoughts.

The decision of President Bush to lift US sanctions against the country brought South Africa's reacceptance into the international community one step closer, and the impact of this release from pariah status was magnified by the country's readmission to the International Cricket Conference and the International Olympic Committee.

The correction continued yesterday but dealers said that this was largely due to the firm financial reality itself. A symptom of investor optimism, placing prices under pressure by making it more expensive for foreigners to buy South African shares. Yesterday the industrial index gave up 67 points on the Wednesday gain and the overall index 60 points lower at 3,440.

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The discount between the financial rand, the investment currency for foreigners, and the commercial rand had narrowed to 7.7 per cent yesterday, a gain of about 6 percentage points since the start of the

January low of 2,525. The industrial index, at 4,036, was 43 per cent up from the bottom and the All Gold index was 49 per cent to the good at 1,445. Share price gains outstripped losses by nearly six to one.

However, Mr Tony Nelson, President of the JSE, noted that only the blue chip stocks were being bought, suggesting a "cautious optimism". This was reflected in the large corrections on the market on Thursday, which saw the industrial index giving up 67 points on the Wednesday gain and the overall index 60 points lower at 3,440.

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EUROPE

Canada

TORONTO stocks were off slightly in lacklustre midday trading as dealers wound down ahead of the weekend. The composite index was off 3.51 at 3,504.38 on volumes of 10.1m shares. Declines led advances by 177 to 164 with 232 unchanged.

The gold and silver index recovered earlier losses of about 25 points to trade down 1.43 at 5,431.84 at midday.

Laidlaw class B shares were among the most active, with more than 481,000 shares changing hands. They were down C\$12 at C\$12.

John Labatt shares were up C\$1 to C\$25. Magna A shares rose C\$2 to C\$14 and Ipsco Inc gained C\$1 to C\$25.

Alcan Aluminum, which on Thursday reported a second quarter loss of 4 US cents, including an 8 cent charge, versus a profit of 35 cents in 1990, was unchanged at C\$23.40 on volume of 208,666 shares.

PARIS closed steady but near the day's lows, pushed down by afternoon selling, reportedly from the US of the shares in the oil group Elf Aquitaine. The CAC 40 index closed 0.26 higher at 1,754.29, up 1.8 per cent on the week, but off the day's high of 1,764.82 and just above its low of 1,751.45. Turnover was estimated at a modest FF1.12 to FF1.58 after Thursday's FF1.96.

Elf dropped from a day's high of FF356.80 to close FF13.10 lower at FF341.10 with a heavy 425,600 shares traded, while its subsidiary UFB Locaball rose FF11.70 or

4.6 per cent to FF264.

FRANKFURT extended its gains up to a fourth consecutive day, the DAX index closing 6.91 higher at 6,644.76 after a rise of 5.11 to 6,639.20 in the FAZ at mid-session. Gains on the week were 1.6 per cent, and 1.0 per cent respectively.

Market turnover rose again, from DM65 to DM66.40. Veba topped the actives list for the second day running in DM641m, having gone ex-dividend after hours on Thursday.

There was an occasional

is so much good news already built into it, that it is vulnerable to any bad news," he says.

Mr Roy McAlpine of Liberty Asset Management says the market action is very similar to that of February 2 last year, a reference to the euphoria which gripped the stock market following President de Klerk's keynote speech on political reforms, only to be interrupted abruptly ten days later when Mr Nelson Mandela, just released from jail, reiterated the Africa National Congress's commitment to nationalisation of the mines and other key economic institutions.

Nervousness about the current level of the market reflects not so much expectation of bad news as concern that the market has overestimated the good news. It is certainly looking a long way ahead. Although an economic upturn is expected in 1992, it will probably be fairly modest as the scope for lower interest rates and increased exports, conventional engines of growth, is fairly limited.

The industrial index, on a dividend yield of 2.7 per cent, is at a very demanding level, not only by South African standards. Prices reflect considerable local and increasing international demand being unmatched by similar selling pressure. Some consumer-based stocks are on extremely demanding price/earnings ratios. Beverage companies ABI and Suntzu have risen to p/e's of 32 and 27 respectively while stocks like South African Breweries and Woolworths are near 20.

Although the consensus is that a short-term correction is in order, it is not expected that this will be long or deep. Mr Lee notes that the country is getting closer to the point where interest rates will drop and corporate earnings improve. He believes that only a major downturn in international stock markets is likely to burst the local bubble.

A necessary caveat is that

the events of the past week have cast the country into uncharted waters. It may be that traditional stock market values have to be discarded in a South Africa that is again becoming part of the international financial community. However, until this theory is proved, the old measures will prevail and their message is that the warm glow of international acceptance should be tempered by caution.

The gold index is also felt to be overvalued. In this case the optimism is partly due the perception that local producers have got their costs under control; and the conjunction of a peak in world supply with a bullish outlook for demand. There has also been evidence of support for the gold bullion price at \$370. Analysts caution, though, that there is limited upside to the price, which they believe is capped at about \$375 by forward sales.

The past few days have seen a fair amount of foreign buying, mostly from London, with shares probably being sold on to the US. Probably the best example of this is Iscor, the steel producer, which started the week at R22.00 and reached R25.50 on Wednesday. Iscor was privatised in 1989, up 0.3 per cent on the week.

Pakhoed, the transport and shipping company, gained another Ft 6 to Ft 1,153, on hopes that labour disputes in Rotterdam harbour might soon be resolved. The stock has been recommended by James Capel, following a company visit.

ZURICH saw the Credit Suisse index rise 3.1 to 541.5 with chemicals finding most interest. Roche saw good buying from UK investors, gaining SF140 francs to SF15,000. Ciba-Geigy, aided by its announcement that US regulators had granted registration for its blood pressure medicine, gained SF30 to SF30.04.

MADRID recovered most of Thursday's losses on June inflation figures which came out as expected. The general index closed 3.28 higher at 267.36 on the day, but it was still 2.1 per cent down on the week.

MILAN ended slightly lower in slow trading. The Comit index fell 0.85 to 567.26, down 0.4 per cent on the week.

Turnover was estimated below Légiún. The market got an early lift when Fiat was officially fixed at Ls 230, up Ls 6 and Pirelli rose Ls 23 to Ls 21.

But the insurance sector resumed its downward trend, on fears that the government will go ahead with the introduction of a real estate tax. Generali rose Ls 190 to Ls 1,710 and Ras dropped Ls 10 to Ls 900.

State-controlled Cementir soared Ls 120 or 5.3 per cent to Ls 160 on speculation that it will be privatised.

AMSTERDAM was depressed by the dollar's fall on central bank intervention which prompted selling of dollar-earning companies. The CBS Tendancy index came off a high of 93.8 to close 91.1 down at 93.5.

ROTTERDAM was depressed by the dollar's fall on central bank intervention which prompted selling of dollar-earning companies. The CBS Tendancy index came off a high of 93.8 to close 91.1 down at 93.5.

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LONDON SHARE SERVICE

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FINANCIAL TIMES

Weekend July 13/July 14 1991



Police surrounded the Turkish embassy in London yesterday after Kurdish demonstrators had occupied the building in Belgrave Square. A police helicopter and hundreds of officers, some armed, arrived within minutes to seal off the square, trapping the demonstrators in the embassy. At least 30 protesters were arrested after they had ransacked offices and daubed slogans on walls and windows during a two-hour siege. The incident, among several Kurdish protests across Europe yesterday, follows anger at the killing of 12 people by police in eastern Turkey on Wednesday.

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Page 5

Findus to close Grimsby fish plant

By Guy de Jonquieres, Consumer Industries Editor

FINDUS, one of Britain's leading frozen food suppliers, plans to close its plant in Grimsby, Humberside, with a loss of 900 jobs over the next two years.

The decision will end the company's production of fish fingers and other frozen coated fish in the UK.

Findus, part of the Swiss Nestlé food group, blamed weaker demand for these products. 40 per cent of the plant's output, it said total sales of fish fingers had fallen by a quarter since 1987, as consumers had switched to other con-

venience foods such as pasta and pizza dishes.

Changing tastes, fierce competition and a 50 per cent rise in raw cod prices in the past four years had eroded profits and made the 30-year-old Grimsby plant uneconomic, the company said.

Birds Eye Foods, the biggest UK producer of frozen coated fish products, said that although the market had grown tougher, Findus had been exaggerating the sales decline.

"It is not the case that the fish finger is on the way out. We have experienced no such prob-

lems," Birds Eye said.

Findus has invested £12m since 1988 to modernise the Grimsby plant and equip it to make other types of convenience foods, but it has recently operated at between only 50 per cent and 60 per cent of capacity.

The company will consolidate production at its other UK plant, a newer facility in Longbenton, Newcastle upon Tyne.

A planned £8m investment there is expected to create 100 jobs over the next two years.

Production at Grimsby will be steadily run down over the

same period. Findus said it would delay compulsory redundancies until next year.

The company is the fifth largest employer in Grimsby, where the unemployment rate is 11.7 per cent. A Grimsby council official said the planned closure was a "devastating blow".

Findus is setting up a task force with a £250,000 budget in an effort to cushion the economic impact of the closure. It will explore other uses for the plant and help redundant employees with re-training and in finding new businesses.

The company plans to centralise frozen food production on items such as lasagne, crispy pancakes and pizza.

It said that if it saw any demand for coated fish products in the future, it would meet it by sourcing from smaller UK suppliers or by importing from other parts of Europe.

Findus claims 15 per cent of the British frozen coated fish market, worth about £300m annually. However, Birds Eye and some independent studies estimate the company's share at only 2 per cent.

Bush moves to salvage CIA nomination

By Lionel Barber in Washington

PRESIDENT George Bush yesterday made an impromptu appeal to senators to resist further delays in the hearings.

Mr Bush said of senators involved: "They ought not to panic and run like a coyote because somebody has made an allegation against a man whose word I trust, and who, as I understand it, hasn't been fingered by what's coming out of this process."

Mr Bush's statement followed reports from the New York Times and other news organisations that the special prosecutor in the Iran-Contra inquiry had obtained important new evidence. This com-

prised hundreds of tapes of phone conversations between CIA headquarters and CIA agents in Central America involved in the White House operation to supply arms to the Nicaraguan Contra rebels in the mid-1980s.

Mr Bush was vice-president at the time, and Mr Gates was deputy CIA director. Both men denied knowledge of the Contra resupply network until shortly before the arms-for-hostage scandal broke in November 1986.

However, doubts about Mr Gates' version of events were sufficient to sink his nomina-

tion as CIA director in 1987.

Two months ago, in what appeared to be a gamble, Mr Bush nominated Mr Gates once again for the top CIA post. In the past four weeks, two stories have surfaced which could torpedo the nomination.

The first focuses on allegations that Mr Gates, while deputy CIA director, was involved in supervising the illegal shipment of arms and technology to Iraq via third countries such as Chile and South Africa. The CIA denies Mr Gates facilitated such transfers, but Congressional investigators have begun to subpoena witnesses.

The second story appeared this week when Mr Alan Fiers, a former CIA official who headed the Central American task force, pleaded guilty to withholding information from Congress about the Contra operation. In his plea bargain, Mr Fiers directly implicated a third-ranking CIA official in a cover-up. Mr Fiers' co-operation, it is believed, stems from the counsel's possession of the CIA tapes — an eerie echo replay of the Watergate tapes that led to the downfall of which exposed the cover-up which brought down President Nixon in 1974.

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Gorbachev to promise G7 radical defence changes

By John Lloyd in Moscow and Peter Riddell in Washington

PRESIDENT Mikhail Gorbachev will propose a radical conversion of the Soviet defence industry to the Group of Seven leaders in London next week, during what is likely to be a sweeping attack on the idealism and imagination of the west.

Mr Gorbachev said yesterday that the radicalism of his reform plan for the Soviet Union could be judged by the measures he now propose on the vast Soviet defence complex industry. "We are opening the door to the sacred place," he said.

His signal on defence conver-

sion raises the possibility that he will seek large-scale foreign investment in this sector, the most technically advanced in the Soviet Union and one in which foreign interest is being shown.

In an appeal to "the leaders of the world's greatest countries", Mr Gorbachev added that he wanted to move "east-west relations from 'simple co-operation' to the 'organic incorporation' of the Soviet economy into the world trading system, based on the generally accepted rules of the game".

However, the US gave a lukewarm reception to a 23-page

letter from Mr Gorbachev to President George Bush and other G7 leaders setting out his economic reform plans.

Mr Bush described it as "a fantastic letter" but added that "we've got some differences with it", while Mr Brent Scowcroft, the president's national security adviser, said the letter was "the same kinds of things that we've seen before".

Mr Scowcroft said it reported that Soviet military spending had already been cut to 28 per cent. "That's one of the most difficult questions to answer," he said. "It's not at all clear whether they have a precise under-

standing of total defence expenditures."

Mr Gorbachev yesterday explicitly recognised that large sums would not be offered in London, saying that "free financial resources are scarce in the world, and I believe that our co-operation will mainly be in the field of initiating projects and project finance."

The Soviet president spoke to the leadership of the Soviet Supreme Soviet only an hour after the parliament had overwhelmingly voted to support his union treaty, with significant amendments, including a demand that federal tax be lev-

ied on all republics. The government's anti-crisis plan, signed by 10 out of the 15 republics earlier this week, allows them to pay tax to the centre at their discretion.

Mr Gorbachev now has the blessing of the Soviet parliament and the leaders of 10 republics for his trip to the G7, though his accord with the republics is based on an agreement in which important questions of division of powers between the centre and the republics have still to be settled.

Financial markets reacted calmly to the rate cut, and sterling closed in London unchanged against the D-Mark at DM2.35, exactly on its central position in the exchange rate mechanism.

However, Mr John Maples,

economic secretary to the Treasury, struck a dampening note

with his caution over further

cuts in interest rates. Speaking

on Channel 4 television, Mr Maples said that room for a further easing in monetary policy is now very considerably more limited than it was earlier.

But he thought the latest cut in interest rates, combined with earlier ones, would soon start to feed through to consumer demand, bolstering economic activity.

In contrast, Mr John Maples,

economics spokesman for the opposition Labour party, said the outlook was still poor. He said the cut should have been by a full percentage point, while the rise in underlying inflation was "discouraging and depressing".

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Weapons proliferation, Page 2

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Weapons proliferation, Page 2

CHIEF PRICE CHANGES YESTERDAY

	New York prices at 12.30
BMW (Dm)	485.5 + 9
Horchet	335.5 + 3.5
Sofia	536 + 15
Rheinmet Berlin	337 - 7
NEW YORK (\$)	337 - 7
Blair	63 + 12
Becton Dickn	67 - 73
Chemical Waste	354 - 312
Time Warner	9014 - 312
Westinghouse El	2514 - 14
PARIS (FFP)	945 + 21
Base rates	505 - 40
Brit Telecom	3612 - 512
Cannon St Inv	60 - 21
Cheese Man	21 - 5
Christie Grp	37 - 6
Globe	1246 - 23
ICI	1222 - 18
Jackson	50 - 6
Jackson Grp	50 - 27
Rank Organ	276 - 6
Thames Water	276 - 6
Willis Corroon	305 - 11
London (Pence)	
ADT	503 + 103
BPE Inds	125 + 4
Bre Walker	29 - 4
Grand Met	777 + 10
Intergruppe	170 + 22
Morris Ashby	73 + 4
Reuters	811 + 19
Palin	94 - 6
Paris Paul	94 - 6
Base rates	505 - 40
Brit Telecom	3612 - 512
Cannon St Inv	60 - 21
Cheese Man	21 - 5
Christie Grp	37 - 6
Globe	1246 - 23
ICI	1222 - 18
Jackson	50 - 6
Jackson Grp	50 - 27
Rank Organ	276 - 6
Thames Water	276 - 6
Willis Corroon	305 - 11

WORLDWIDE WEATHER

Today An eastward movement of cloud and rain will result in a mainly dry day over much of England, but isolated showers are possible in the south and over Wales. Further north, over Scotland and N Ireland there will be sunny periods and scattered showers. Outlook Dry tomorrow, further rain on Monday.

Base rates

Continued from Page 1

BCCI

Continued from Page 1

BCCI could not rely on outside assistance if it got into trouble and that it showed some signs of failing to perform in line with its peers.

If we were to rate BCCI, I believe our Legal Rate would be 5 and, on the base of published data, our Individual Rating would be somewhere between C and D. BCCI wrote to a client on March 22.

FINANCE AND THE FAMILY

London Markets

The silent music of the spheres

A PRESS release from Brockett Publishing, based in Cambridge, summarises the latest views of one of its authors, Hamish Watson:

"Economist Says that The Dow-Jones Has Bottomed Out and That the Recovery has Started; Predicts that the Expansion Will Gain Momentum in the Summer and Autumn; Warns that ERM Commitment Needs to be Maintained Over the Medium and Longer Term."

Find that Jupiter-Saturn Gravitational Alignments are Triggering Solar Cycles and Earth's Magnetic Cycle; Ground Level Electromagnetic Field Variations are Triggering Fluctuations in Confidence and Economic Cycle, He says."

The market may not share Hamish Watson's confidence in the second part of the theory. But in the early part of the week it appears to be believing that the first part might not be so far from the truth.

Share prices continued their climb from the low point reached in late June, with signs that the London stock market might at last be about to burst through the top of the trading range - between 2,450 and 2,550 on the FTSE index - in which it had been trapped for three months.

Contributing to this performance was the belief, borne out by events, that Friday would see another half-point

cut in interest rates. The enthusiasm in the market - which included a positive response to a series of large share placings with institutional investors - stemmed also from the belief that the economy is at last bottoming out.

This seemed to stem from no particular flow of new evidence; rather it appeared to be one of those mental shifts, turned perhaps to Dr Watson's electro-magnetic cycles or the onset of sunny weather.

On Friday, however, as the rain clouds gathered again over the City (and, perhaps, the electro-magnetic influences turned malic) disappointment set in. The June Retail Price Index figures, which were expected to show progress towards the Holy Grail of lowish-German inflation by the autumn, were unchanged at an annual rate of 5.8 per cent. The belief that the market was about to break out of its trading range evaporated.

The FTSE, which had been gambolling along above the 2,500 mark for the past two days, turned south, and closed on Friday at 2,497.4, up 12.7 on the week.

Gravitational alignments of one sort and another were on view throughout the week. Bank stocks dropped on Monday in the wake of the BCCI closure, but had made up lost ground by Friday. Meanwhile, Midland Bank's share price

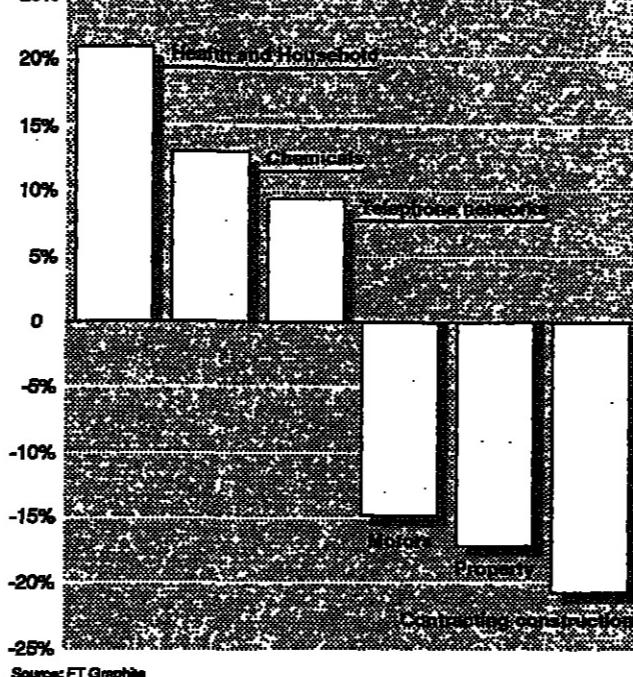
appeared to show little impact from the news that it was to be "twinned" with a Polish bank under a know-how sharing arrangement, though investors might have taken heart from the thought that at least one bank somewhere in the world regards Midland as a role model.

Another stock affected by BCCI's gravitational pull was Nazmu Virani's Control Securities, which dropped from 13½p to 6½p on Monday, on 6.1m shares traded. BCCI speaks for 5.5 per cent of Control Securities' shares. The share price recovered well, however, ending the week at 17½p, down 2½p from the previous Friday.

Some of Dr Watson's Ground Level Electromagnetic Field Variations were clearly affecting ADT, the Bermuda-based security and car auction group. The shares were already dropping in the early part of the week as IBCA, the UK rating agency, downgraded the company. On Wednesday came a confounding piece of news from Laidlaw, the Canadian transport and waste-disposal group which owns 28 per cent of ADT. Reporting a 44 per cent slide in quarterly earnings, Laidlaw placed much of the blame on a sharp drop in the contribution from ADT. The London market interpreted this as an indication of more bad news from ADT. On Thursday, ADT's share price dropped 13p to 43p, the lowest price

Leaders and laggards

FT-A Indices relative to the FT-A All-Share Index since March 15 1991



Source: FT Graphics

for more than five years.

The next day, however, the London market had second thoughts, deciding that the Laidlaw reporting owed more to a change in accounting conventions than to any insight into ADT's business. ADT recovered to close the week at 53p, down 5p from the previous Friday, but half its price

earlier as yet unsolved mystery - the auction of Channel 3 television franchises - produced some new data this week. Scottish Television's Gus Macdonald appeared likely to win the prize for the lowest bid in the contest. His (uncontested) bid for the franchise was reported to have been only £1m a year, compared with the £14m or so offered in similar regions elsewhere. The share price rose 14 per cent on the day of the news, to close the week at 53p, up 4p on the previous Friday.

Other electro-magnetic emanations from the other side of the Atlantic were ascribed to Philip Morris, the US cigarette and consumer products group. The company has made no secret of its desire for a European acquisition, and this week the London market

appeared to believe that a bid was imminent in the UK. Names that were floated included such perennial bid favourites as Cadbury Schweppes and United Biscuits. The rumours were given extra spice on Friday by suggestions that a US company was buying large amounts of sterling, and that a prominent UK brokerage was putting staff on alert for a sudden surge of work next week. Nothing had come of the matter by the time the market

closed on Friday, however, and such rumours often lead nowhere.

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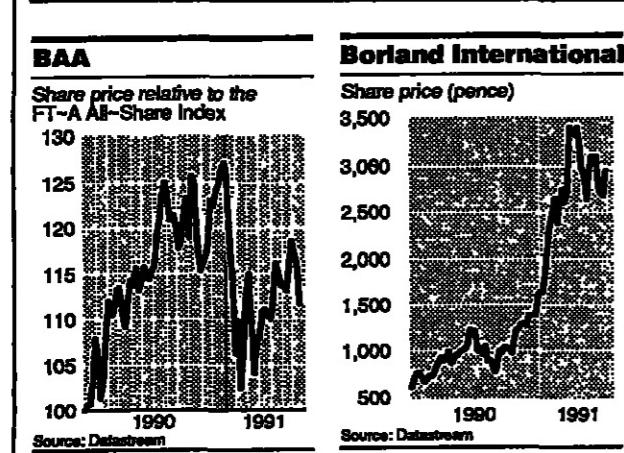
Meanwhile, the wooden spoon in the contest seemed likely to go to TV's Rudolph Agnew, who seems to have bid £25m for the South of England franchise, some £20m more than rival bidders. The movements of Saturn and Jupiter, says Dr Watson, produce waves of optimism and pessimism. They clearly affect Glasgow and Southampton rather differently.

Peter Martin

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991 High	1991 Low	
FTSE 100 Index	2497.4	+12.7	2545.3	2054.8	Anticipation of base rate cut
ADT	583	-57	1210	480	Unsettling figures from stakeholder
BAA	421	-17	450	326	Tougher pricing at airports
Bank of Ireland	159	-20	208	139	Dr Tony Ryan sells 4.9% stakes
Beazer	66	-18	195	58	Debt burden/div. cut fears
Cable & Wireless	566	+18	588	429	J. Capel buy rec./Offical moves
Laporte	540	-25	603	435	Caution from company's own broker
McCarthy	252	+21	258	123	Bid from second company
Marks & Spencer	265½	+11½	268½	213½	Positive annual meeting
Scottish TV	393	+48	405	257½	Bidding only £1m for TV franchise
Synapse Computer	101	+24	104	75	Agreed bid from ECsoft
TV-am	153	+18	217	133	James Capel buy recommendation
Ultramar	272½	-15½	358	272	Analysts downgrade estimates
Unichem	153	-16	178	111	Bidding for McCarthy
Unilever	737	-29	776	656	Analysts cut forecasts

AT A GLANCE



Fees formula grounds BAA shares

BAA shares fell this week on news that the Civil Aviation Authority has proposed a new and stringent pricing formula for parking and landing fees. Shares in the privatised airports operator fell 10p to 42p when the formula was announced on Tuesday and ended Friday 3p lower at 42p.

Borland bids for computing group

Borland International, the US computer software house, was the best performing share on the London stock market last year, although shareholders had experienced some rollercoaster rides in previous years. This week the group launched a \$430m bid for personal computer database group Ashton-Tate; it did nothing to dent the progress of the shares, which finished at 2913p, almost double the high for the year.

Water shares: the final reckoning

People who own shares in the 10 water companies have until July 30 to make the third and final payment. That is 70p, reduced to 60p if you bought the shares in the 1989 flotation and registered at that time for the customer discount. Schroders, which organised the float, warns that those who do not meet the deadline will be liable to pay interest and risk losing their right to shares and incentives. Some people may have been hoping to sell the shares to avoid paying the third call. That is no longer an option: from now on you must pay the call even if you sell your shares. The record date for the final dividend for the year to end-March is July 22. Whoever is on the register on that day will receive the dividend, payable on October 1. PEPs and new issues - Page III

Smaller companies fall again

It is a downhill ride for smaller companies shares. The Hoare Govett small companies index (capital gains version) fell 0.4 per cent to 1151.81 in the week to July 11 while the County Nat West index dropped 0.7 per cent to 943.48.

Mortgage offer cracks 10% barrier

A capped mortgage rate below 10 per cent was launched by Royal Life and HypoBank. The rate is capped at 9.95 per cent until July 1992; the arrangement fee is £250 and there is a three month redemption penalty. Mortgage offers - Page V

Co-op launches card-based account

The Co-operative Bank has launched what it says is the first card-based current account. Customers will use one card, which will be a Visa debit and Link ATM card in one. The Pathfinder account will pay 10 per cent gross on all credit balances, credited monthly. The account is not designed to fall into overdraft, and unauthorised overdrafts will be subject to a £10 service charge plus an annual percentage interest rate of 31.3 per cent. The cardholder must pay a minimum of £100 a month into the account.

Keep it in the family

M & G Life has launched a Retained Income scheme, designed to help parents pass capital on to their children without losing their income. The bulk of the investment is placed in the M & G High Yield Distribution Bond fund, in order to pay income; the remainder is placed in an Estate Protection Plan, in trust for the children. The plan is a whole-of-life assurance policy, with life cover equal to the entire value of the scheme, which should reduce inheritance tax problems. The minimum investment is £20,000.

EVERY BODY continues in a straight line unless acted upon by an exterior force, runs the physics axiom. The problem with Wall Street at the moment is that exterior impetus is sadly lacking.

The past five trading sessions have seen the Dow Jones Industrial Index oscillate gently in the 2,940-2,970 range, giving up a hit here, enjoying a modest surge there. But any sense of meaningful action is absent and trading volumes have sunk to a disappointingly low ebb. In part, this may reflect the onset of the summer season and the hangover from last week's Independence Day holiday. But, more fundamentally, it signals the dearth of any clear directional force.

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FINANCE AND THE FAMILY

How to PEP up your portfolio

Personal Equity Plans can offer attractive tax-free income and gains to investors. Philip Coggan explains how to decide which is best for you

PERSONAL Equity Plans are growing in popularity. The lure of tax-free income and capital gains has grown, especially now that the annual limit is £6,000 a year.

They will get even more popular over the next year as a general election draws closer. Labour is unenthusiastic about PEPs and they are unlikely to survive in their current form, so there may be an element of "buy now, while (tax-free) stocks last".

There are, according to Chase de Vere, more than 400 PEPs available. So how does one select a PEP?

The first task is to decide what kind of investor you are. Do you feel hopelessly lost in the world of high finance? You will probably want a managed PEP. Have you less than £2,000 to invest this year? You would probably be best in a unit or investment trust PEP. The former have been immensely popular in recent years, with almost 700,000 unit trust PEPs in existence and more than 100,000 taken out in the first quarter of this year.

If you are confident enough to choose your own stocks and shares, you will want a self-select PEP. But do not divide your £6,000 allowance into too many small jumps — the charges will be crippling.

Whichever PEP structure you choose, Michael Chadwick of Chase de Vere recommends that you should slant your plan towards income, rather than growth-based plans. Only a limited number of investors are likely to use up their annual £5,500 capital gains tax allowance; it is reinvesting the gross income that is the main attraction for most PEPs.

Finding good performance figures is one of the most frustrating problems for the putative PEP investor since no PEP can have a record of more than four-and-a-half years.

Those who are interested solely in unit and investment trusts PEPs have an easier task since you can look at the published records of these funds. But they should look beyond the one year figures and see whether the fund is consistently better than average over a longer period.

What is a PEP?

A PERSONAL Equity Plan gives the holder the right to own shares, unit and investment trusts so that any gains or income are tax-free.

At the moment, only one PEP can be taken out per tax year although from January 1 1992 investors will be able to add a single company PEP to a conventional plan. There is no time limit for a PEP holding.

The maximum holding in a general PEP is £6,000 per tax year; when the single company PEP is introduced, that will have a £3,000 limit. An investor who opened both could invest £9,000 in the current tax year.

You can only invest £3,000 in a unit or investment trust within a PEP. Currently the PEP must have at least 50 per cent in UK investments, but from the autumn, this limit will be extended to cover European Community investments.

If you already own shares and want to transfer them into a PEP, you will have to "bed and breakfast them" — sell them to the plan manager and buy them back. Anyone over 18 can open a PEP, and husbands and wives can each have one.

Charges

INVESTORS should make sure they are aware of all the charges on their PEPs before investing. In some cases, the charges will outweigh the tax breaks.

There will normally be an initial charge — anything from

1 to 6 per cent — an annual management charge (likely to be between 1 and 1½ per cent) and further charges every time you deal. Some impose penalties on partial withdrawals.

Charges will vary depending on the kind of PEP you choose. They should be lowest on a self-select PEP, and on a unit trust PEP, charges will frequently be no higher than on buying the same trust directly. They are likely to be highest on a managed equity PEP.

Best PEP Selections has analysed what it calls the Immediate Realisation Value, which is what you would receive if you sold your PEP immediately after buying it. The average IGV is 92·93 per cent; in other words the investor loses 7 to 8 per cent of his money as soon as he takes out a PEP.

Add in the annual charge and the investor might see 10 per cent of his money disappear in the first year.

Compare that with the tax advantages. If the portfolio yields 5 per cent, then the tax saving would be 1·25 per cent, with a minimum of £20. Dealng charges are cheaper at 1·5 per cent, with a minimum of £17·50 and a maximum of £37·50 and there is no dividend collection charge.

Managed PEPs

WITH the majority of PEPs, the investor's choice is limited to choosing the manager at the outset. Look for a trust with a manager with a good record, a broadly based investment strategy and low charges.

Best PEP Selections picks out two PEPs — Newton

Chase de Vere points to three where the charges are low.

Killik (071-224-2050) has no annual or initial charge and commissions on dealing are 1·65 per cent, with a minimum of £40. However, there is a dividend collection charge of £7·50 every time a company within the PEP pays a dividend. This makes the PEP most attractive to those who want to buy only one or two shares — the total charge on a two-share PEP where companies pay half-yearly dividends would be £30.

Pilling (051-832-6581) has no annual or initial charge and commissions on dealing are 1·65 per cent, with a minimum of £50. It also makes a dividend collection charge — of £6·70 a time. The total charge on a two-share PEP where dividends are paid biannually would be £26·80.

Shawlink (021-200-2242) is waiving its initial charge of £35 plus VAT, but it also has an annual charge of 0·75 per cent, with a minimum of £20. Dealng charges are cheaper at 1·5 per cent, with a minimum of £17·50 and a maximum of £37·50 and there is no dividend collection charge.

PEPs should be most attractive to higher rate taxpayers who have already made full use of their CGT allowance.

Self-select PEPs

MANY readers will be attracted by a self-select PEP and Michael Chadwick of

Mixed, which is invested in the Newton Income and/or General Fund, plus a portfolio of shares and Fidelity Growth, which is invested in the Fidelity Special Situations unit trust, with shares on top. Best PEP Selections (071-936-2037) can offer a 1 per cent discount on these PEPs to its clients.

Comprehensive guides to PEPs are also available for Chase de Vere (071-404-8766) and from the A-Z of PEPs (£1·50 from W H Smith).

Corporate PEPs

A NUMBER of PEPs are based on the shares of an individual company — where a full £6,000 can be invested. From January 1992, there will be a new type of corporate PEP in which holders can invest £3,000, on top of their normal PEP allowance.

Many companies see corporate PEPs as a way of widening their shareholder base and as a service to their small share-

holders. In addition, corporate PEPs are useful aids to profit sharing and employee share ownership schemes.

In April, the *Weekend FT* listed some 38 single companies with their own PEPs. Most have no initial charge, and dealing and annual charges are under 1 per cent. So if you do want to plump for a single share, this could be the cheapest route. However, picking an individual share is obviously highly risky.

The two leading managers in the field are C&P Trustees (071-942-8998) and Bradford & Bingley (0274-555555).

Share issues

ONE recently exploited wrinkle in the PEP rules is the ability to transfer a £6,000 allocation of a new issue into a PEP. Many investors buying investment trusts have used this loophole; the only way to get the full £6,000 into an investment trust. Split capital trusts are popular within PEPs, particularly for older investors attracted by the double-digit yields on some income shares.

The question of rights issues and the later instalments on privatised shares is rather more complex. You can only take up your rights, or pay subsequent instalments if your PEP plan for the year is sufficiently far below £6,000.

If you have invested the full amount, you will be obliged to sell shares in the appropriate PEP to create room to meet the new payment. This will also be necessary if the rights issue, or second instalment, occurs in a year when you have already opened a PEP plan.

Home loans rate is trimmed

David Barchard sees mortgage lenders battle for the initiative

This is the society's lowest rate for three years. It will certainly be followed in the next few days by other lenders. If you are an existing borrower, in most cases you ought to be able to look forward to a cut in your monthly payment from August.

Customers with mortgages above £60,000 will now pay interest at 11·15 per cent, down by 0·6 per cent. On mortgages above £100,000 the rate is 10·95 per cent, a cut of 0·5 per cent.

Nationwide and Leeds Permanent have already followed Halifax down to

11·95 per cent for their standard mortgage interest rate.

Abey National and the rest of the industry is poised to follow. It already looks as if the prevailing interest rate on the mortgage market will be around 11·8 to 11·95 per cent.

Barclays has led the banks by cutting its mortgage interest rate to 11·95 per cent (APR 12·7 per cent) from 12·45 per cent (APR 13·2 per cent).

Halifax's new rate means modest relief for most people. There will be a

reduction of about £17·70 on a £50,000 endowment mortgage, and £15·35 less on a repayment mortgage. On a £100,000 the reduction will be £28·54 for endowment mortgages and £23·57 for repayment mortgages.

This will help homebuyers, but it will probably not lead to a dramatic revival in the UK housing market, at least in the short term.

I genuinely believe that we are in a very cautious period where fear of unemployment is the dominant moti-

vation for most people and the market will take a period to recover," says Ian Darby, marketing director of John Charcol, the mortgage broker.

This is a good time to enter the market if you are a first time buyer. Not only are there far more properties around than there are buyers, but several good discount mortgage offers are available. Halifax gives a 1·5 per cent discount for a year fixed rate (10·45 per cent (APR 12·7 per cent)) and a 2 per cent discount for a

year for loans of more than £60,000 — 9·95 per cent (APR 12·6 per cent).

One of the interesting features of the present situation is that building societies and banks still look a much better bet for most people than the centralised lenders, such as National Home Loans or the Mortgage Corporation, which entered the market in the late 1980s and undercut them so effectively in 1987 and 1988, the last time rates were low.

The centralised lenders appear to be trailing the market when it comes to making cuts. Building societies can now offer the same spread of specialist mortgages and have the benefits of a broad network for their customers as well.

■ Fixed rate mortgage offers: Page V.

You should take it wherever you go

Whether you are contemplating moving abroad or are congratulating yourself for having done so, there is one magazine dedicated to you and your needs.

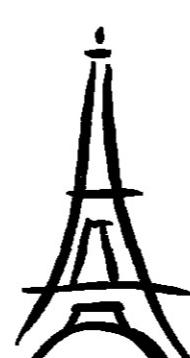
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FINANCE AND THE FAMILY

Philip Coggan offers advice and help for BCCI depositors and customers

After the closure: what to do

DEPOSITORS and customers of BCCI are understandably worried about their financial position after the bank's worldwide closure by regulatory authorities.

Here is a guide to the positions of depositors, borrowers and credit card users:

The deposit protection scheme Your deposits will be covered by the scheme only if they are in sterling and have a term of less than five years. Certificates of deposit are not covered, nor are holdings in other currencies.

Only 75 per cent of a deposit of up to £20,000 is covered - which means that the maximum compensation is £15,000.

This scheme is based on the address of the bank, not the depositor, so that people who live overseas, but have an account in the UK, are entitled to claim.

Senior executives and bank owners are not entitled to

claim but it is not clear how far up the management chain you have to be before you are judged to be "senior".

If you do have a valid claim, all you can do is wait. The Deposit Protection Board will be given details of all account holders and will write to them at their given addresses and invite them to claim. This will probably happen when the bank is formally wound up, although it may be slightly before that in an attempt to speed the process.

It may be some time before you get your money from the scheme but it is likely to be months, rather than years.

Once you have been paid, the Deposit Protection Fund will stand in your place as a creditor and will receive the first 75p in the pound of any money that the liquidator pays out.

However, if you have a larger deposit than £20,000, you will still have a claim on that

part not covered by the Deposit Protection Scheme.

Dealing with the bank

If you had an account with the bank, and your salary is normally paid into it, ask your employer not to do so. You should ask for the money to be paid into a separate account, if you have one. The government has asked banks to be sympathetic to BCCI account holders who want to open a new account, and the liquidators will pass on credit records. You will need to produce evidence of your BCCI account.

If you have a mortgage with the bank, you should continue to make payments in the normal way. It is possible that the mortgage will be sold to another bank, in which case you may face a change in your terms and conditions.

If you accepted a credit card payment before Friday, July 5, you should get your money. Transactions which occurred before BCCI was closed on Friday

call the Visa helpline on 071-937-8151.

Traders

Perhaps those in the most difficult position are small businesses, which are unable to pay their bills because their BCCI account is frozen. Some companies may have to go into receivership because of this.

However, another bank might be prepared to lend you money, if you can prove you have a claim against BCCI.

If you accepted a BCCI cheque before the bank closed, your position will depend on whether it cleared before the bank was closed on July 5. You should receive the money if the cheque had already cleared, although we have been told that other banks have been debiting cheques which were believed to have cleared.

If you accepted a credit card payment before Friday, July 5, you should get your money. Transactions which occurred before BCCI was closed on Friday

are being accepted. You should not now accept a BCCI card as payment; your bank will not authorise it.

Credit cards

You cannot use your BCCI credit card. Automated Teller Machines have been programmed to gobble them up and traders have been given instructions to retain them.

However, that does not mean you can get away without paying your bill. If you do not, you will be pursued by the liquidator and you may get a black mark on your credit rating.

If you have already received a BCCI, pay the normal address. New bills should give instructions on how, and who, to pay. You should not be charged extra interest if your statement is delayed.

You cannot automatically transfer your card to a new issuer. You will have to reapply to another company.

Offshore accounts

There are many overseas arms

of BCCI, so it is impossible to cover them all. However, the Isle of Man has its own compensation scheme, which is roughly similar to the UK version. In Luxembourg, there is a deposit protection scheme with a limit of £100,000 or about £20,000. Banks in Pakistan are still paying depositors, but it is not worth going there to get your money, unless your deposit was with a branch in that country.

Helplines

If you have further problems, call Touche Ross on 071-460-7766, the Bank of England on 071-937-8151.

Mortgage

Morris Ashley on 071-267-4477,

and solicitors Jacques & Lewis 071-242-9755; Richards Butler 071-247-6555; Alexander Tatham 061-236-4444.

Overseas arms

ultimate security there are, of course, National Savings and Gilt.

The situation with investments offshore is more complicated. The Isle of Man has a depositor protection scheme. Guernsey, Jersey and Gibraltar do not have deposit protection although all have regulatory authorities. Most UK banks operate offshore through branches and therefore any deposit is with the UK branch (though it will not benefit from the UK Depositor Protection Scheme).

While building societies

do not (one only a couple of

months ago) they are in a

slightly different position

because their Policy Holders

Protection Fund pays 90 per

cent of outstanding claims

without limit.

The Retail Co-operative

movement has the same

attitude of collective

responsibility as the building

societies. Local Authority

Bonds are secured on the

revenue of the authority. For

more information see Moneyfacts, the monthly guide to investment and mortgage rates.

The risk in every investment



£20,000. However, as the best

rates are normally only available on larger amounts, this might mean sacrificing income.

Investors wishing to put all, or at least a large proportion of their eggs in one basket, should consider the record of the particular regulatory or trade association involved when its members get into difficulties.

To take individual examples, no one can believe that in the unlikely event of one of the High Street banks getting into real difficulty, the Bank of England would allow it to fail. However, the Bank of England's attitude to smaller banks is very different. Five banks have been allowed to go into administration in the last year alone. British & Commercial Merchant Bank, Authority, Chancery, Edington and Wallace Smith Trust.

The building societies movement, on the other hand, has a way of ensuring that no depositor loses money. The Grays building society "scandal" in 1978 where the chief executive

was found to have embezzled a large chunk of the society's funds was a good example.

This year standy funds were made available to the Leamington Spa and Cheshunt Building

strongly in earnings-related pension schemes, such as company or private pensions. The simplest way to create a better pension for women would be to increase the basic state pension, which is a flat-rate benefit unrelated to earnings.

A variant on this idea would be to provide a bonus to the basic pension for women (or men taking time off work to bring up children) for each child. Home responsibility credits could be made available for years during which earnings are low and child benefit is being drawn.

Alternatively, the government may have to look at legislation such as that which exists in Sweden, where women who have children can take at least a year off work on 90 per cent of their salary and where extensive childcare is provided. It is clear that the issue of pension equality is unlikely to go away once the question of the retirement age for men and women is settled.

The Retail Co-operative movement has the same attitude of collective responsibility as the building societies. Local Authority Bonds are secured on the revenue of the authority. For

more information see Moneyfacts, the monthly guide to investment and mortgage rates.

Divorce and pensions

Scheherazade Daneshkhu on a question of equality

THE ISSUE of equality of pensions has focused on equal pension ages for men and women. But any woman facing divorce should realise that separation can devastate a pension as much as it can a marriage.

A study by the Centre for Economic Policy Research, funded by Joseph Rowntree Foundation, shows that the proportion of divorced women who are of pensionable age is increasing rapidly.

The authors, Heather Joshi and Hugh Davies, estimate that by 2025 13 per cent of divorced women will be over 60 compared with only 3 per cent in 1985.

Many of these women will have to rely on the state pension and Joshi and Davies say: "The divorce boom of the 1970s and 1980s may be creating a new source of pensioner poverty of the future."

Under current law, if a man is in a private or company pension scheme, his wife loses all rights to his pension once they are divorced. The situation is the same under the State Earnings Related Pension Scheme, Serps.

Under the basic state pen-

sion, the husband's contribution record during the marriage counts towards the estranged wife's pension. However, the basic state pension (currently £49.90) is not enough to keep the pensioner out of means-tested assistance. The credit ceases if the divorced wife remarries. She has no claim to a state widow's pension on the death of her ex-husband, even if he was still supporting her financially at the time of his death.

Pension benefits, particularly those provided by a company scheme, are usually the most valuable asset in a family after the house. Yet, unlike the house, they cannot be assigned to anyone who is not a scheme member. For this reason, there has been a push towards splitting pensions on divorce, most notably by Michael Meacher, Labour's spokesman on social security, last year.

But Joshi and Davies point out that even if legislation were introduced to split the pension on divorce (as in Germany and California), the size of the divorced woman's pension will still only be a fraction of her former husband's. This will only go

some way to mitigating hardship in the divorced woman's old age.

There are two main reasons for the discrepancy in income between husband and wife even after pension-splitting. Time taken out of work to bring up children takes a heavy toll on a woman's pension.

Joshi and Davies estimate that the opportunity cost, or foregone earnings, of having two children is equal to half the earnings of a childless woman, within the low to middle income range.

Second, even though the majority of women work they tend to earn less than men. High-earning women earn about 80 per cent of their similarly high-flying male counterparts. At the low-income level, the discrepancy is even greater. Women here tend to earn only 60 per cent of the male wage, according to the report.

These factors lead the authors to conclude that pension-splitting will not necessarily help the hard-up divorcees of the future.

The gap in pension entitlements between husband and wife is reflected most

The Week Ahead

Tomkins gets a helping hand

ON MONDAY Tomkins, the mini-conglomerate with interests ranging from lawnmowers to handbags, is likely to report pre-tax profits for the year to May of £106m (£77.1m) with 25.7p of earnings and a 9.5p dividend, according to James Capel. Earnings will have been helped by eight months contribution from Phillips Industries, the US industrial group, and a 7.5% jump in net interest.

Pre-tax profit is expected to fall by a third to just over £8m at Triplex Lloyd, the Midlands engineering group, which reports its results for the year to March 31 on Tuesday. The announcement has been put back a day because of the funeral of Jim Doel, the late chairman, who died of a heart attack last weekend.

The profit shortfall, compensated with £12.2m pre-tax in 1989-90, will reflect the sale of a

steel casting business, a much smaller property contribution and Triplex's exposure to recession-hit building and consumer-related sectors.

Elliott & Everard, the UK's biggest chemicals distributor and one of the largest in the US, announces results for the year to April 30 on Monday.

After having downgraded forecasts for the effects of the recession on both sides of the Atlantic, analysts now expect pre-tax profits to come out at about £17.5m. Largely thanks to acquisitions, that will be still up from £15.4m in the previous year.

Among other companies reporting in a quiet week, Bulmer, the cider maker, announces results on Wednesday and Stanley Leisure Organisation, operator of betting shops, casinos and snooker clubs, reports on Thursday.

Property sector cash call

PROPERTY shares have endured a long period of under-performance, but the larger property investment companies have escaped the worst because of their financial stability. This week, however, two separate directors of Hammerman have been raising cash, one from the ordinary stock and the other from the limited voting shares.

A series of downgraded profits forecasts in the wake of wider-than-expected cuts provided little cheer for the beleaguered UK defence industry. Shipbuilder Vosper Thorneycroft has long maintained it will be less severely affected than most in the sector, but four directors recently sold a total of 1.35m shares.

Michael Ashcroft, chairman of Bermuda-based ADT, has bought 25,000 ordinary shares at 61p. Earlier this year ADT was involved in a very public dispute with its Canadian 28 per cent shareholder, Laidlaw, but this has since been resolved. Ashcroft sold 1.1m shares to Laidlaw in August retaining a repurchase option over these shares and a number of directors sold at or near the top of £21 a share.

The television industry is in a state of uncertainty as bids are considered for the new franchises, which has had an adverse impact on profits of service-related companies like Avesco. The chairman and two of his colleagues have purchased a total of 800,000 shares after expressing optimism at the recent announcement of final results.

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Angus Macdonald, Directus Ltd

and wife is

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Amidst the

divorce boom of the 1970s and 1980s may be creating a new source of pensioner poverty of the future."

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MINDING YOUR OWN BUSINESS

DOWN A string of small Somerset country lanes, with the Blackdown Hills as a backdrop, is a farm beginning to prove that even in agriculture today small can be beautiful.

The 35-acre farm is home to no more than 1,000 animals: 800 chickens, 100 guinea fowl, 18 cattle – including a dozen rare Red Poll – and 30 sheep, except at Christmas when there are an additional 50 turkeys and 50 geese.

The farmhouse, built in the 1620s, is home to Bill and Charlotte Reynolds and to all the trappings of a modern office. There are sufficient up-to-date hygienic preparation and cold store areas to satisfy a visiting health inspector. Importantly, for those who care about the taste and quality of their meat – from more expensive cuts of beef, lamb and pork to free-range chickens and the more humble hamburgers, sausages and excellent bacon – the farm is organic.

It was not so when the Reynolds bought it in 1987. But with the conviction of converted amateurs, the skills from their previous careers – he was a teacher of physically handicapped children, she a scientist – patience, hard work and the ability to get over some bad mistakes, the farm should make its first small profit next year.

According to Charlotte pigs are addictive, an addiction that first dawned on her in the 1980s when she kept two weaners, called Bubble and Squeak, on land that abutted their first home.

To provide good food for her family she learnt by trial and error how to make sausages with her Kenwood mixer, how to cure sides of ham and how to look after cattle. Her clientele increased as Bill sold her produce to staffroom colleagues. The couple realised that public demand for organically reared meat extended beyond their four walls.

In 1987 they began the requisite two-year conversion of the farm according to principles for organic farming controlled by the UK Register of Organic Food Standards.

This was an expensive process and, coinciding with a capital expenditure of £160,000 on the farm's buildings, plant and machinery, and inadequate financial advice, was by early last year causing the Reynolds' to think about selling and moving.

The couple were caught on the horns of the organic dilemma. Organic feed for animals costs £100 per ton more than the normal and the animals are allowed to live longer: broiler chickens are slaughtered at five weeks, free range at ten or more, and organically reared pigs live an extra ten weeks.

Costs are higher, sales take longer, cash flow is harder to generate. Their mistakes included allowing their first 500 turkeys, all sold at 16-pounds, to reach 24lbs in weight. They also failed to have any success rearing guinea fowl.

It was only early last year that they realised from the number of interested buyers just how valuable an organic farm had become. It was quickly an organic farm had become. Bill gave up teaching to work the land single-handed and extra efforts were put into selling their meat to the public: a public which wanted its meat to be full of



Sneaks in the trough: Bill Reynolds with the pigs he rears in the West Country

A small (organic) country living

Nicholas Lander on the struggles of a Somerset farm

flavour rather than hormones and to come from animals which had a "decent life".

They had always operated a farm shop through which they sold their meat, as well as organic vegetables, beer and wine. Bill goes every fortnight to a Saturday market in Bristol, once a week to private homes and to one or two restaurants in London and, via a carrier, which delivers overnight, to the rest of the country.

They have also spread the word at local agricultural shows, winning customers and facing scepticism from larger-scale farmers.

They recently won a gold medal at the North Somerset Show and their stand selling organic hot dogs, at £1.50 each, had one of the longest queues at the Bath and West show and did wonders for their cash flow.

They have recently hired an assistant,

who read law at Cambridge, to help with their growing business. She was vacuum-packing the sausages and steaks which Charlotte had prepared the day I was there.

Standing all day by a cold store making sausages seems to come naturally to Charlotte, a science graduate from Birmingham, as does tending the farm to

Bill, who read English at Oxford. The determination to give the public top quality organic meat, for which there seems more and more demand, strikes in the oddest ways.

■ *Sundales Green Farm, Hare Lane, Buckland St Mary, Chard, Somerset, TA20 3JL. Tel: 0460-234-337. Fax: 0460-234-591.*

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 - 4 Be reared with due attention to their welfare and have free access outdoors

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The horse trade tightens its girth

ONE OF the big winners of the Thatcher years was, without doubt, the horse. Britain's population of *equus caballus* had risen up to more than 500,000 by the late 80s. The horse industry grew too. A report concluded that at 275,000, the equine business was as big as office equipment.

More families had more money to buy such beasts for their offspring. The gymkhana crowd gradually spread closer to urban areas and further up-country from the south. Stables filled up with more Tracys than Trudys, more Sharons than

Susans.

The trend has been for equestrian trade and the actual horse riding population to move north," says Stephen Robertson, head of the family equestrian equipment business of the same name. "I was brought up in Derbyshire. My son and I other boy were the only two people within 20 miles who rode. If you go up there now, nearly every field has a dozen horses turned out in it." One of the country's biggest retailers of tack is in that famous northern horse-riding town of Wigan.

This growth has helped Stephen Robertson, based in Exeter, raise its sales from £250,000 to £400,000 over the past five years. But the recent history of Robertson's shows that old dogs must often learn new tricks. Starting out as a saddlemaker 30 years ago, the company has had to adjust to shifts in demand for tack as significant as the rise in size of the overall market.

"Traditional demand has remained from professional show jumping people and the hunting and racing fraternities," says Robertson. "But with many more types of parents now earning more money to buy their children ponies, there was a tremendous boost to the cheap end of the trade. While that has gone back a bit, it is still much more important than it used to be."

Strolling round the company's stock bay, which houses the many hundreds of items the company sells, there remains the pervasive smell of dear cowskin that is equestrianism's traditional material for tack. In among that though are piles of things that might give more traditional riders a shock: things like polypropylene bridlewear and tubular acrylic for making girths that keep saddles in place.

Robertson's, whose products range from reins and stable rugs to hoof oils, Sam Brown reflective belts and children's stationery, has been hurt by other shifts in the industry's economics. Through the 1980s, the proportion of goods manufactured by the company has fallen from three quarters of sales to little more than 40 per cent. More than a quarter of the company's sales come from imports of items imported from abroad, usually made in Asian countries.

"Polypropylene bridles are one quarter the cost of British leather bridles and easier to care for," says Robertson.

"Recently we shipped 1,100 girths to Germany. There is enormous competition in girths from Taiwan. We import rubber-stirrup tread (to stop feet sliding) from Hong Kong. We also get rein stops from Hong Kong as well as over-reach boots (preventing the blind hoof from striking the fore hoof). We import thinning scissors from Pakistan. They are better than the best made in Sheffield and are a quarter of the price. Stirrup iron bits used to be all made in the Midlands. Now it has lost 95 per cent of that to the far east, mainly Korea and Taiwan, over the past ten years."

A seventh of the company's sales come from rugs made of things such as waterproof canvas and jute cloth. "Some materials like Thermalux have killed off wool-rugs because of the high prices of wool."

Robertson says that new materials still form only a small part of the total tack market and imports account for no more than 15 per cent of equestrian gear sales in Britain. Even though the company has long since stopped making saddles it still buys them in from a manufacturer in Walsall, in the heart of the traditional tack manufacturing area of the Black Country.

Nick Garnett meets a tack-maker facing up to a changing market

"At one time Indian bridlewear was not very good. Its quality was poor, the leather wasn't even properly tanned. Now some Indian craftsmen put our own to shame. Within the pony club regime there has been a 'don't touch Indian' atmosphere. I think they will have to swallow their words."

Selling factored products can hamstring overall profits. Margins are lower than on goods Robertson makes himself. The company's net return of 10 per cent, before Robertson takes his own salary, is not high. What has not proved difficult is finding overseas suppliers. No globe-trotting is involved. "We just do a lot of delving through embassies. If I think a product is Taiwanese or made in Hong Kong I would go to the commercial section of the respective embassy in London and they would supply me with a list of possible suppliers and we would start the ball rolling."

If most of the 1980s was an extended happy hour for the horse, the high growth years for the equestrian tack trade have come to a halt. But its importance is here to stay. "I guess the only thing that could reverse that would be a ban on hunting. That would definitely have an upsetting effect on trade."

■ Stephen Robertson, Kestrel Way, Southon Industrial Estate, Exeter EX2 7LP. 0392 421251.

Will I pay CGT on rooms I rent out?

AFTER THE Budget,

wrote the Weekend FT, "the allowable gains for lettings room in your house had been doubled to £40,000. Does this apply only to when the house is sold? I have been letting rooms in my house ever since my husband died in 1978, and have been told I would have to pay capital gains when I sold my house. I have asked a number of accountants and bankers and so on but no one can give me an answer. I have always paid tax in full (even repairs) and any improvements have been called capital expenditure and not allowed against tax."

■ The Capital Gains Tax rules are complex and arbitrary, but broadly the result is that you will escape CGT upon the portion of the potentially taxable gain (after indexation relief) which is attributable to the part of the property which is not exclusively occupied by your tenants, plus the portion attributable to the let parts for the final two or three years (three years under current rules, but the period may be reduced to two years by the time you sell the property) plus £40,000 (provided that the additional £40,000 does not have the effect of more than doubling the potential relief).

Although they have not been updated in respect of the Finance Bill proposals, you may like to ask your tax office for the free pamphlets CGT4 (Owner-occupied houses) and IR87 (Rooms to let). When you sell your solicitor will be able to guide you through the tax maze.

Tenants in common

I AM 67 and married. The house is in my name. We wish our son to inherit. The value of the house will take our combined estate well into inheritance tax, but division of the ownership of the house between my wife and myself will bring our separate estates below the IHT level. I believe my wife and I can become "Tenants in Common" so that we can each leave our share to our son. To achieve this, can I make a simple declaration and do I need to deal with the Land Registry in any way?

■ One of you should write and deliver a letter to the other stating that you thereby sever the joint tenancy in equity and that each of you will therefore be a tenant in common.

Q&A

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entitled in equal shares. You should register this change at the HM Land Registry if your title is already registered there.

Change of trustees

I AM ONE of two elderly trustees of a very small estate, consisting of a few plots of gilt-edged stock. The interest goes to A: on her death the capital goes to B and the trust is dissolved. The trustee is that neither trustee may be alive when A dies. We, the present trustees, would like to recruit two younger persons, either to replace us or to act as additional trustees. How can this be done simply and cheaply?

■ You can execute a deed under which the present trustees appoint new trustees and immediately thereafter retire from their trusteeship. Such a document is not complex and can be drawn up quite cheaply, preferably, but not necessarily by a solicitor.

Redundancy and shares

UNTIL January 1991 I was an employee of a public limited company and had been allocated shares under an approved Employee Profit Share Scheme. I understand, as I was made redundant, that the shares currently held by the Trustees on my behalf may be transferred to me providing that I pay income-tax on 50 per cent of the locked-in value. Will you advise whether the locked-in value would be treated as income for income tax purposes and thus if I had a surplus of allowances if these could be offset against the locked-in value?

■ Yes, a free pamphlet on profit sharing schemes is obtainable from your tax office: ask for pamphlet IR80.

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FOOD & DRINK

On the west bank of the Rhine French flags fly over towns with German names. FT writers savour the hybrid food and wine of Alsace

BEING female has caused me only one problem as a wine writer, but I consider it a serious one. I happened to be in Alsace during the most delicate stage of my first pregnancy and for years afterwards could not lift a glass of the region's distinctively perfumed wine to my lips without feeling queasy.

But now that our firstborn is old enough to describe most of her parents' actions as "gross", the spell seems to be broken. I have fallen in love again with the wines of Alsace and have been seizing every opportunity to renew my acquaintance with smoky dry whites that make unusually good aperitifs (far better than Chardonnay) as well having the guts to stand up to foods as variously powerful as venison, vachetta and vindaloo.

The thing people tell you about these wines is that Alsace winemakers are so consistent it is impossible to find a disappointing bottle. Do not believe a word of it. Some of my recent purchases, especially of Rieslings, have been as dull, and sometimes as dirty, as ditchwater.

But when they are good, Alsace wines are very good, and, as elsewhere, we have the blue chip 1988, luscious 1989 and hyper-rich 1990 vintages to choose from. Other good recent vintages are 1983, 1985 and, more variable, 1986 but, as in Bur-

gundy, the producer is the key.

Also as in Burgundy, there is increasing polarisation of producers. On the one hand are the large (by Alsace standards) *négociants* such as Hugel, Trimbach, Beyer and the Döppis who buy in grapes from other growers and blend wines to sell under their own special labels. Their top bottlings are some of the very finest wines of the region.

Hugel has for years been showing the rest how to make the extraordinary late harvest wines labelled *Vendange Tardive* and, even sweeter, *Sélection de Grains Nobles*. In the more usual dry-but-perfumed style of Alsace however, I have found that to be sure of real excitement behind a Hugel label, you have to buy their top range, once called *Réserve Personnelle*, now called *Jubilée* (available from O W Loeb, London SE1 about £129 a case; La Vigneroune of London SW7 have halves of Riesling 1985 for £6.95).

Trimbach, more famous in the US, is terrific at slow-maturing steely Rieslings such as their Clos Steeple and Cuvee Frédéric Emile, while Leon Beyer is the king of Gewürztraminer making extraordinarily opulent wines, particularly those labelled Cuvee des Comtes d'Eguisheim.

Alsace's superior Grand Cru

appellation had a difficult birth back in 1975 and is still in intensive care. The negotiants are quite right that the words Grand Cru on a label are no guarantee of quality. On the other hand, a Grand Cru from one of the new generation of geography-conscious growers will probably be one of the more thrilling wines you will ever taste, full of searing fruit and intense aroma.

Zind-Humbrecht may be one of the most expensive Alsace producers but the premium is well-deserved; you can taste the concentration of low-yield vines in the glass. The current bargain has to be their straight Riesling 1989 (£6.95 from Wine Rack) which is far better than many Grand Cru Rieslings I have tasted

recently, and, for the really long term, Riesling Clos Hansen 1983 (£8.49 Thresher and Wine Rack).

Marcel Deiss exhibits even more fanaticism in his devotion to the notion of *terroir* and Grands Crus. Lea & Sandeman of London SW10 has a wide selection, from 1989 Sylvaner at £4.85 to a quite extraordinary Riesling 1988 Grand Cru Schœnenberg, *Sélection de Grains Nobles* that constitutes the essence of Riesling as well it might at £39.95 a bottle.

Andre Ostertag is another young Turk who has been tinkering away like mad with the old formalise. His "vins de fruit" are designed to show off the grape, the "vins de pierre" the terroir. He has also been experimenting with deliberate oak ageing, even for Pinot Blanc. His wines can be bought relatively reasonably by the case from Morris & Verdin of London SW1 or by the bottle from La Vigneroune, SW7 or Wines of

Paris in Edinburgh.

Philippe Blanck also has the slightly eerie gift of a fanatic. The excellent wines of his family company Paul Blanck are available, in their dramatically non-Alsatian bottles and labels, from Adnams of Southwold. Another reliable and quite widely distributed name is a good one, Rolly-Gassman, whose sweater-than-most wines are sold by Ribendum of London NW1 (some 1983s still available). Thos Peatling of Bury St Edmunds, Tanners of Shrewsbury and Raeburn Fine Wines of Edinburgh.

Perhaps my favourite producer is The Faller of the Domaine Weinbach (both names are used on wine labels). Less formal than these, but Lay & Wheeler of Colchester can offer Falser's Riesling 1988 Grand Cru Schœnenberg by the bottle for a fully justified £10.75. (They also have the wines of Schœnenberger which can be delicious.)

Another old Alsace saw is that the co-ops are brilliant. That is not universally true either but the Turckheim Co-op is excellent and its well-made wines, even including some Grand Cru wines such as their almost painfully dense Tokay Pinot Gris 1988 Brand (£8.95 Thresher and Wine Rack), are widely distributed and well priced.

Jancis Robinson

Eating out in France

THE SETTING is perfect, well outside the walls of Riquewihr, one of Alsace's most picturesque towns, perches Auberge du Schœnenburg. The sun shines in on white tablecloths while diners look out to a hillside vineyard through picture windows.

The family lunch starts with a complimentary glass of chilled muscat followed by a complementary salmon mousse. There is a choice of three set menus at FF120 (115), FF160 and FF245 and the carte. Wanting a light and inexpensive meal we chose the FF120 menu, *sauté mélié au grillades de canard*, *grilled duck with onions*.

Another dish was *au gratin de pomme*, *gratinated apple with cream*. The restaurant had been recommended by David Ling, assistant manager of Hugel et Fils, a leading Alsace wine producer; we picked a bottle of the 1988 Hugel, cuvée tradition, 1988.

It turned out to be a good choice. Additionally our eight-year-old son was very happy with his fish dish, the attractions of *steak frites*, served on nearly every "children's menu" in France, wearing a little thin.

The salad and duck first course was presented in a basket of sliced tomatoes tied with leek. The daurade, a white-fleshed river fish, came crisp-skinned with the tennel beautifully understated.

While we ate our mousse, delicately-flavoured with star anise, our son finished his chocolate and vanilla ice and pronounced it the best he had ever had. The meal for three, wine, coffee, service et al cost FF1527 (£32.75).

The husband and wife team of Francois and Christine Kienler run the restaurant. They are young and, I would think ambitious. More important, they are welcoming and talk enthusiastically to their customers. Their Michelin star is well deserved.

By way of contrast, the following evening we made a return visit to Au Boeuf Rouge in the centre of Andlau, one of many villages on the route du vin.

The dining room of Au Boeuf Rouge with its wrought iron chandeliers, massive beams and wood paneling falls into the traditional school of interior decoration. The formidable Madame Kieffer is in charge front of house, while her husband and son work away at the stove.

The food is rich and substantial and the carte du vin offers some excellent local wines. A good-quality market menu is offered. Altogether dishes tried included: salad of fried lettuce and prawns dressed with hazelnut and champagne vinegar, carpaccio of salmon and Pike-perch, boned stuffed quail with goose liver, braised sweetbreads and braised duck with orange. Starters are priced from FF30 with main courses starting from FF45. Additionally, there is a good quality children's menu at FF75.

I wished that I had the appetite for the *choucroute* served there. My neighbour's steaming meal of sauerkraut, smoky sausage, pork potato and goodness knows what else was a meal to suit the Vosges hikers who stride the Vosges mountains.

Madame Kieffer recommended an Alsatian Grand Cru Moeschenberg Riesling 1986 from both vignerons André and Rémy Gresser. It was a real find.

Au Boeuf Rouge is a fine example of a traditional family-run Alsatian restaurant where one may take friends with hearty appetites.

Jill James

Sauerkraut French style

WE'RE YOU to listen to the French version only, Alsace would present a curious anomaly among the regions of France where wine, food, culture and patois – are the term reserved – are quite unlike those found in any other part of the country with the exception of the eastern parts of Lorraine.

To get a little closer to the truth, however, you need the other half of the equation: Germany. Alsace is Germany with a touch of French polish and a few days in Alsace gives one a good idea of what, say, the Rhinelander might have looked like had the French succeeded in any of their attempts to annex it.

Germany after all provides a clue to the wine: German grapes vinified with French gastronomic awareness; the food: German traditions refined with a dollop of French verve, and the language: where a smattering of French overays a foundation of Swabian German.

Sometimes that French sheen seems very thin indeed. In the villages to the north and south of Colmar you can stand among the gingerbread houses of their *Plätzchen* and the tourists their *Hochzeitstorte* and wonder whether the French have ever succeeded in making any inroads whatsoever; then you go into the local inn and try the food and then, and only then, you know that you are not in Germany.

Still, nine times out of ten you will find *choucroute*. I have heard foolish Frenchmen arguing until they were blue in the face that this dish bore no relation to the *Sauerkrat* from the Vosges to the Urals; this is clearly nonsense. On the other hand a good dish of *choucroute*, moistened with a dry Alsace wine, scented with juniper or cumin seeds and dished up with an array of pork chops, smoked bacon, *Schwarzenma-*

sausages and *Spätzle* is a meal to remember.

One of the best non-pork dishes is the *cote au Riesling*. Prepared in this way the fowl makes a perfect foil for one of the many superb Rieslings made in the region.

The micro-climatic conditions imposed by the Vosges mountains make Alsace a paradise for fruit and vegetable farmers. There are as many as 83 varieties of pears, 36 of peaches and 33 of apples. The two most famous plums are the *mirabelle* and the *quetsche* (the French rendering of the *Zwetschen* with which we were all tormented in German lessons at school). Many of these fruits go into the stiles to make the famous *clafoutis blancs* of the region and the distillers do not stop there, virtually anything can be distilled in Alsace including *gratte-cuit* (literally "scratches") which is in fact nothing more indecent than the hips of dog-rose.

Of course, you will find spirits of this sort over the river in the Black Forest but, in my opinion, they are not nearly so good.

Giles MacDonogh



Appetiser

neatly and safely. Screwpull's corkscrew and foil cutter set costs around £13.

But now, after some wrangling over patents, household suppliers Brabantia can offer a corkscrew and foil cutter in one for between £8 and £9 in stores such as Debenhams, Tesco and big Co-ops. It is a boon to have the foil cutter incorporated and impossible to mislay, but the Brabantia corkscrew has two disadvantages: a certain

inelegance of design and, although it is easy to screw the cork off after it has been extricated, it can be all too easy to catch some of your flesh in there too.

Another, similar new Vino corkscrew from Leftfield looks rather better and, in my experience, requires less effort. It costs about £7.50 at Selfridges but you have to make your own arrangements if you want a neat line around the top of the opened capsule.

Jancis Robinson

Cookery For hearty appetites

ALSACE, presumably the home of Alsatian dogs – no Franco-ophile would call them German Shepherd dogs – has always struck me as a place to visit in winter.

It is not that I feel drawn by the damp and cold reputation of its winter climate, but the cooking of the region is rich and filling and portions tend to be huge, clearly designed to sustain the inner man as well as the outer. To enjoy it to the full you need to be hungry.

Alsace is an area where birds are prized for their livers; and those geese that are not fattened for their livers find favour spit-roasted, stuffed with chestnuts and pears, or richly casseroled. Potato cakes are fried in the goose fat to serve on the side.

Alsace is famous for strong Munster cheese, and for sweet and savoury yeast cakes and breads. *Vote gris en brioche* is a star turn.

Meat is plentiful and pork is the essential meat, every part of the pig being prepared in every conceivable way: smoked, salted, spiced, cured, made into sausages, packed into fatty pies, served hot or cold, sauced, with salads or cabbage.

Many of the best loved dishes seem Germanic in name and appearance, but their flavours reveal more subtle French accents. The ultimate insult of the area, where the sauerkraut or *choucroute* is flavoured with the local wine, is to describe someone or something as being "as bland as *choucroute cooked in water*".

One favourite snack or anytime food is *flammekueche* or *tarte flambée*, which has been described as Alsace's answer to pizza. This is a bread dough stretched pancake thin, spread with curd cheese and/or cream, bacon and onions, baked until sizzling and freckled with gold.

I am told that country people used to tuck it into a mid-morning snack, like elevenses or what the Welsh call bait. It was common practice to down a hearty soup first, and to follow the tart with a swirl of locally distilled *east de mi*, to keep body and soul together until lunchtime.

It surprises me that in an area where the summers are hot even the area's lightest dishes are not my idea of light. Summer tarts there may have pastry or bread dough bases and are usually packed with a rich quiche-like custard filling under a topping of orchard or hedgehog fruits.

This gives you a taste of summer – and textures too. You can sink your teeth into it. It is not the sort of food I would want in a heatwave, but it seems quite appropriate when summer is basically as cool

as the fish and bacon juices and the leeks and bacon and the bacon gently until the fat runs. Add the leeks, cover and cook for 5-6 minutes. Remove the bacon and leeks and keep them warm. Reserve the juices for the sauce.

Butter a large ovenproof dish which will take all the fish in one layer. Season the fish and put it into the dish. Add the langoustines, sprinkle on the shallots and moisten with the wine.

Bake at 200°C (400°F) gas mark 6 for 8-10 minutes or until just opaque and barely cooked. Lift out the seafood and keep it warm with the leeks and bacon.

Add the fishy liquid to the leek and bacon juices and heat until reduced by half.

Whisk in the cream, season carefully, then whisk in the wine.

Arrange the leeks and bacon in a little mound on each hot plate; arrange the fish and langoustines around. Spoon over the sauce. Serve at once, with fresh pasta and a good Gewürztraminer.

Philippe Davenport

■ *Auberge du Schœnenburg, Rue de la Piscine, Riquewihr. Tel: 03 68 92 24. Hotel le Schœnenburg Tel: 03 68 92 01 11. Fax: 03 68 95 82. Hugel et Fils Tel: 03 68 92 15. Fax: 03 68 00 010. ■ Au Boeuf Rouge, 67140 Andlau. Tel: 03 68 96 26. ■ Jill James's stay in Alsace was organised by Vacances en Campagne de Sigranor, Pulborough, West Sussex, RH20 1QD. Tel: Bookings 07367 433; Fax 07367 343.*

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PERSPECTIVES

How to beat burglar Bill

Gerald Cadogan scans a magazine that helps to recover stolen goods

BURGLED? YOU came down in the morning to find the silver gone? Or returned from holiday to a house stripped of furniture? The police are in the house seeking clues and listing for interview your plumber, washing machine repairer and cleaner.

When the insurance company's loss adjuster appears your first question is obvious: is there any chance of getting anything back? The new answer is "yes" especially if you use *Trace*, a monthly magazine for retrieving stolen works of art and antiques.

In its 30-month existence *Trace* claims it has led to the recovery of 750 of stolen pictures, silver and furniture. The magazine consists almost entirely of stolen goods' notices inserted by loss adjusters. They hope that a dealer, auction house or police force has seen works that may be stolen — or even bagged a hauler of stolen property and will report them. Photographs or sketches accompany technical descriptions giving dimensions.

Often there is a reward. The magazine is a sobering read. A recent issue reports pictures stolen from galleries, churches, private houses, Cheltenham racecourse and Oxford college. Silver and clocks are large categories. And there is a steady depletion of furniture. A house in Galway looks as if it lost all its Georgian chairs, chests and tables last October. Coming up in the stakes are garden statues and urns and fireplaces (55 in the last three months).

Philip Saunders, the man who founded *Trace*, believes that circulating information is the only way to fight a worldwide problem, for which Britain is exceedingly ill-prepared in spite of its leading role in the art and antiques trade.

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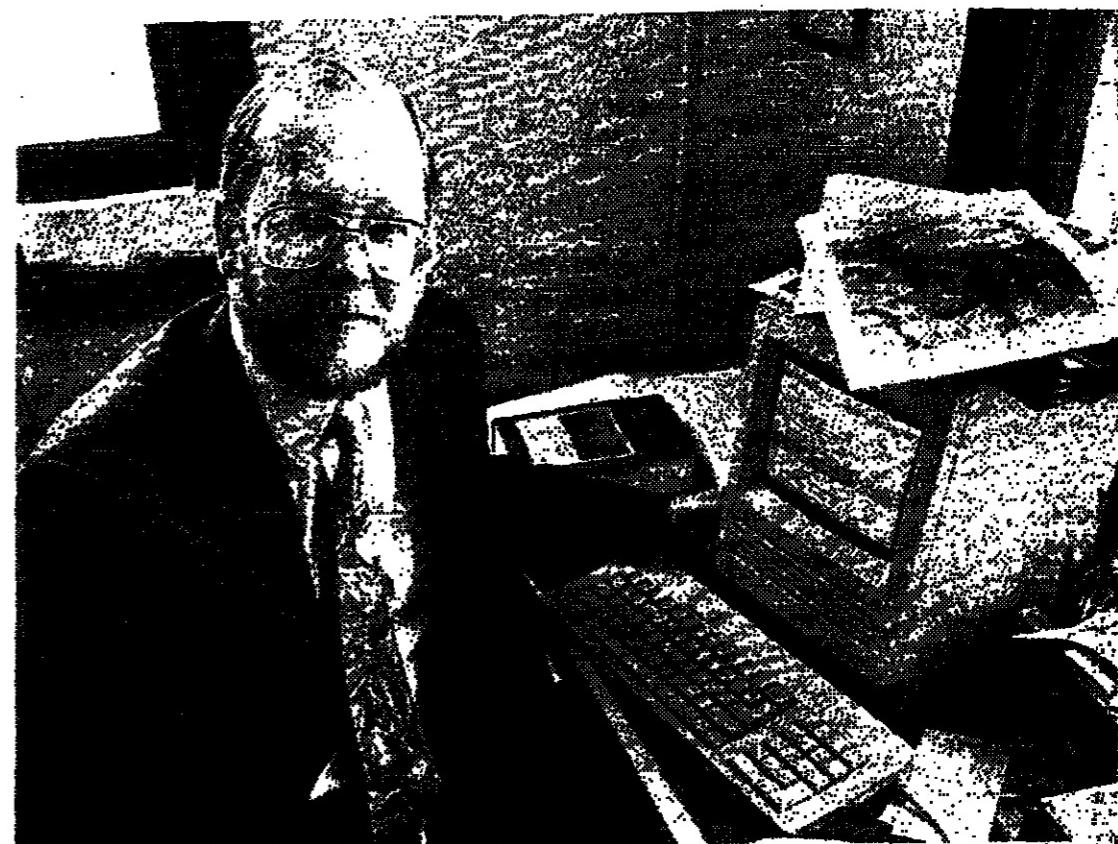
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If you are burgled, tell the loss adjuster to get in touch with *Trace*.

or do so yourself. Inserting an advertisement quickly may prevent works reaching the continent or being put up for auction at home. A garden seat stolen from the National Trust in Warwickshire turned up at Sotheby's in Billingshurst, Sussex, but was spotted from *Trace* before it went under the hammer.

It helps recovery chances if you have accurate (trade) descriptions that include dimensions and possibly a photograph. As Saunders says, nowadays it is not just a matter of protecting your property, but having the means to recover it. So take photographs and keep the negatives. You will then avoid a scramble through the family albums for shapes that happen to include the Chippendale dining chairs or the candelabra in the unfortunate event that photographs are needed.

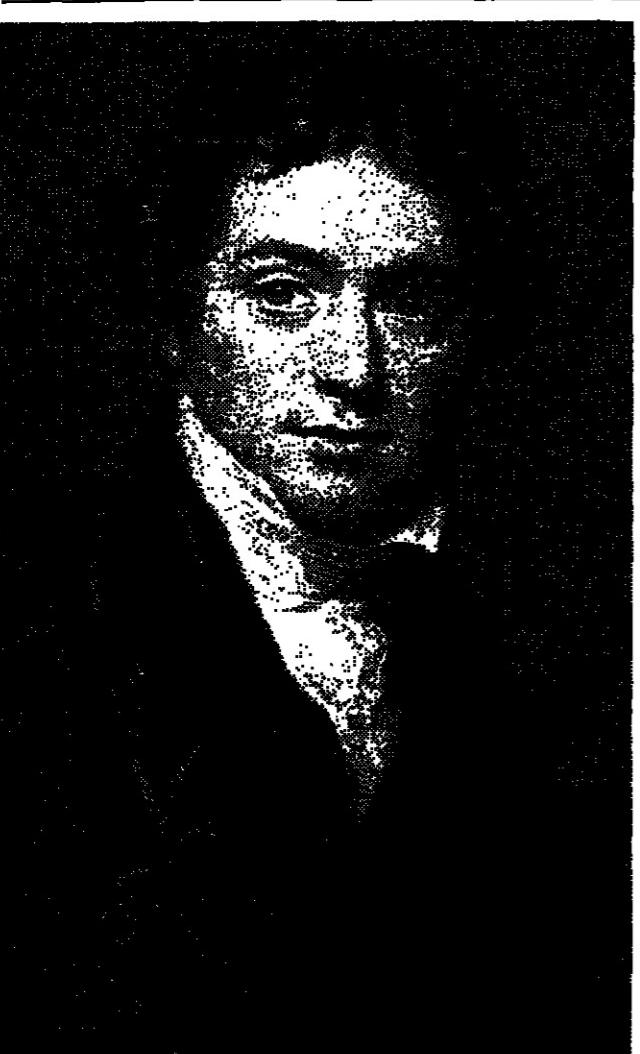
■ *Trace* costs £25 a year (UK), £35 (Europe), or £45 (elsewhere) from Trace Publications Ltd, 163 Citadel Road, Plymouth, Devon PL1 2HU (tel: 0752-22877; fax: 22691).



Philip Saunders, founder of *Trace*, in his Plymouth office

Faraday and the spark of genius

David Fishlock pays tribute to the father of many of the modern world's inventions



Michael Faraday: the scientist on the new £20 note

CAN YOU imagine life without electric motors to dry your hair, mix your food, pump water round the central heating system and washing machine, run the lawnmower and even your electric toothbrush? Think of living without telephones or faxes, or fluorescent ceiling lamps.

The origins of all these, and much more, can be traced to one man — Michael Faraday, born 200 years ago and whose portrait has now replaced that of Shakespeare on Britain's new £20 note. He invented the dynamo that makes electricity conveniently and cheaply, as well as the electric motor to use it. He also invented vulcanisation of rubber and discovered benzene.

Faraday spent more than 50 years at the same flagstone-floored laboratory in Mayfair in London's West End. It survives at the Royal Institution of Great Britain, and Professor John Thomas, its present director, and Faraday's latest biographer says it is "the oldest continuously used chemical

research laboratory in the world."

Thomas — himself a chemist of international renown — was 14 when a teacher told him about Faraday. In later years, he was to hold the chair of chemistry at Cambridge created for Faraday in 1854. And he notes: "Einstein had a portrait of Faraday on his wall."

Faraday was hired in 1812 by Humphry Davy, the chemist known best for inventing the coal miner's lamp. Faraday was then 22 and unqualified — indeed, he was self-taught from the age of 12. His previous experience had been as an errand boy and bookbinder. He learnt no mathematics and Thomas cannot find a single differential equation in any of the 450 scientific papers he published. And yet "they are masterpieces of lucidity, self-criticism and insight, and still serve as models for aspiring and mature scientists".

Within seven years, though, Faraday was Britain's foremost analytical chemist. One of his earliest inventions was a non-rusting steel razor, rich in platinum — the first stainless steel. The Royal Institution still has one of these.

In 1820, he read of the discovery that a wire carrying an electric current could deflect a compass needle. The following year, he showed how a wire

carrying a current rotated round a stationary magnet. Thus was born the first electric motor.

Ten years later, Faraday made what Thomas rates as his most momentous discovery — electromagnetic induction, the notion that electricity could act over a distance to induce a current in other, unconnected wires. In 1831 he enunciated his laws of electromagnetic induction and laid the foundations of the electrical industry.

SUCH great industrial scientists as Siemens, Edison, Whittemore, and Marconi were all to draw inspiration from Faraday's laws. So were Tesla and Marconi with their radio-frequency fields. Modern telecommunications and man's knowledge of the universe derive from Faraday's research.

Over the next three years he conceived his laws of electrolysis, underpinning such modern commercial activities as extracting aluminium from its ore, and electrolysis — gilding of tableware, for example — and electroforming, later used in making gramophone records. "These laws rank among the most accurate generalisations in science," says Thomas. During the same period, he also found time to

testify before a parliamentary select committee on the state of city sewers.

By 1832, Faraday was exploring plasmas — the fourth state of matter, others being solid, liquid and gaseous — and the colourful effects that he could produce with an electrical discharge through a gas. These experiments paved the way for fluorescent lamps and neon displays.

A further decade later, he linked magnetism and light and found how a magnetic field could rotate the plane of polarisation of a shaft of light — the Faraday effect, as physicists know it. He discovered this in a lead borate glass he had made nearly 20 years earlier in a state-sponsored quest for better lenses for astronomers. This was the birth of magneto-optics. Nowadays, many natural and man-made crystals are used to manipulate light in systems that include trackers for spacecraft and liquid crystal displays for watches and pocket-sized television sets.

Faraday was a workaholic, even driving himself to exhaustion by his late 50s when he was forced to take sabatical leave from the Royal Institution (although he continued to write scientific papers). He was also a man of great personal integrity and was deeply religious. His discoveries earned him no fortune — for most of his career he remained on the same salary of £100 a year. His church preached against accumulating worldly riches, says Thomas, "and he spent his income as it came, chiefly on charity. He died in 1861; his legacy is everywhere in the world of 1991."

■ *Michael Faraday and the Royal Institution: the genius of man and place*, by John Thomas. Published by Adam Hilger, £12.50.

As they say in Europe Kohl faces the hard questions

IT IS Economic Summit time again and this brings back the nightmare every broadcasting journalist fears. It occurs when a presenter asks you, on air, a question which assumes as a matter of fact something that you either do not know or is not true. Last year I was hit between the eyes with: "How do the other six accept the total domination of Helmut Kohl of this summit?"

What had happened was that the New York Times, Reuters News Agency and others had produced accounts of how the German Chancellor had emerged at Houston as the giant of Europe and the arbiter of the western world. The truth was rather different: the summit of July was the first for President Bush and, unlike his predecessor, he had both the capacity and the desire to listen to his peers. At the time the man who had the best stories was Chancellor Kohl. He had just reunited Germany and his team won the World Cup as the summit opened.

Since then, reality has intervened. Kohl has lost a series of provincial elections, undermined the federal budget, eliminated the balance-of-payments surplus, helped wreck the Uruguay round of trade talks last December, led Germany ignominiously through the Gulf crisis and has literally had egg on his face in east Germany.

A modest mood prevails in Germany. Commenting on the meeting between Kohl and President Gorbachev in the Ukraine last week, the *Frankfurter Allgemeine Zeitung* wrote of the Soviet need for aid: "Germany cannot take on the burden of special costs right now. If Kohl does not want to disappoint Gorbachev he has to urge his western partners to share the burden. Kohl's debt of gratitude for German unity turns Gorbachev into a financial creditor. That's why the songs of friendship sound so depressed. Audiences in Paris and London are listening and reading between the lines."

In other words, Germany needs its friends more than ever. This summit will be produce quite different stories from Houston.

There are compensations. As the FAZ wrote: "After Wimbledon, now one more announcement of a hero: Jürgen Möller, remains economics minister, although the news isn't exactly astonishing."

Möller had succeeded in getting his policy of substantial cuts in government subsidies to reform cabinet. But the *Neue Osnabrücker Zeitung* said: "In the billions game with the subsidies, the finance experts have created a miracle that would make a conjuror green with envy. With much self-praise it has been announced that handouts worth DM10bn have been ended... if a private person made savings by the Bonn method, the cash would pour out of his pocket."

Even if he can afford it, the full chemical armament of weed killers, fungicides, pesticides and insecticides that was available to the farmer in the pre-set-aside era is unlikely to be permitted.

The Greens are stepping up their campaign against the use of many pesticides formerly considered safe. Their opposition to heavy applications of nitrate fertiliser is also making itself felt.

Happily, one beneficial result of set-aside seems quite positive. Five or more years of leaving land fallow is an ideal step towards conversion from conventional chemical farming to organic food production.

Farmers will be called on to go all out for maximum production. The expected increase in the world's population will be a crucial factor. Global demand will be fuelled by the food shortages that we are already hearing about in eastern Europe, the Soviet Union and the Third World.

In these circumstances set-

the victories of outsiders in this year's major tennis championships. "They all triumphed thanks to their inner peace and a kind of sovereign innocence which derived from their unexpected challenge to over-stressed stars."

The transcendental nature of the Centre Court had escaped me but seems to have taken hold of the French. The headline in *Le Monde* was: "Sick in a state of grace." Its reporter produced a couple of sentences which sound as bad in French as in English: "Michael Stich was already overwhelmed, at having come out of the great Wimbledon hat as a miraculous outsider. On Sunday, he consecrated himself on the most prestigious lawn in the world."

On Wednesday the summit seven will have to face President Gorbachev. The ineluctable transition from socialism is by no means easy. Western leaders should read a piece in *Nazcaimaya Gazette* entitled "The Great Mismanagers". It may be a denunciation of the system but it is not wholly reassuring. "Let us visit the socialist enterprise," it reads. "As a result of the October Revolution and the full victory of socialism there is nobody to be exploited, nobody who will make a fortune. The country and the people take from the enterprise an impossibly little part — 10 per cent, but even so this part is returned to the worker because everything in this country belongs to him: the army, the government and schools. There is no exploitation at the enterprise."

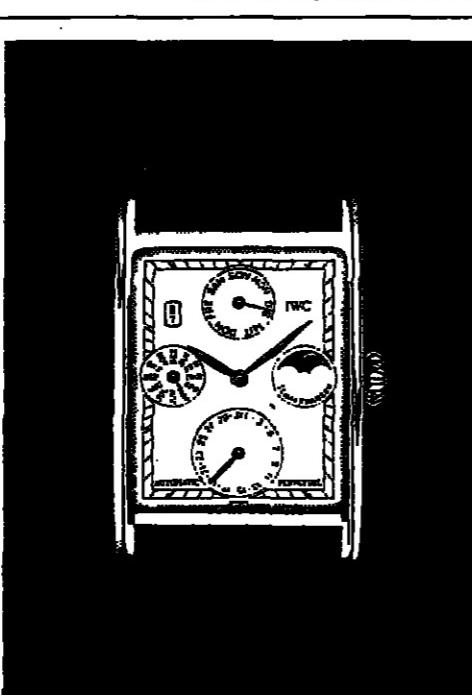
Karl Marx had not realised this would result, said the paper. He had merely seen the "chief" of exploitation. "And what was the October Revolution if it wasn't the shout of millions: 'Catch chief! Away with the exploiter! Take back the money he stole!'. The worker's interests and those of the owner are opposed where there is capitalist exploitation. But they coincide when they face the exploitation of mismanagement. The workers' victory means he is oppressed by mismanagement."

This reflects the new reality — Russians know their system does not work but they do not know how the other one does.

I apologise for having missed chapter two of the great Frankfurt brothel saga which saw a defeat for the socialist council when its brothel closure ordinance was overturned in court. But now the court has ruled that there had to be an ordinance covering some "prostitute accommodations". The core of the problem is a proposal for a 220-room super-brothel, which would provide a "new Frankfurt prostitution centre". The *Frankfurter Rundschau* quoted a local official, Eberhard Klein, as saying: "Now we're going to put on the table everything we've got against the brothel."

James Morgan

■ James Morgan is Economics Correspondent of the BBC World Service.



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Michael Stourton

HOW TO SPEND IT

Lucia van der Post on a Japanese success story that has come to Britain, a Scottish exhibition and a ring that is a US best-seller

No labels, simply quality

FROM JAPAN, the land of the people whose devotion to the designer label is legendary, comes a radical new idea - the "look-no-label" collection.

In Japan the 221 Muji shops, selling a range of well-designed, well-made simple clothing and household products, are one of the big, if least predictable, success stories of the last decade. Among the cognoscenti they have become a cult.

This week those who are interested can find out what all the fuss is about when the first British Muji shop, the product of a joint venture between The Ryohin Keikaku Co, and Liberty, opens at 29 Great Marlborough Street, London W1.

There are those who might think that London is already well enough supplied with shops and boutiques but Muji is different. The name Muji stands for "no brand goods" - in other words, what is important about the Muji product is not who designed it, but what it is.

I well remember seeking out the Muji shop in Tokyo and being entranced. Muji was a haven of sophisticated simplicity. Solid blocks of dark chocolate brown, black, grey or white were piled on simple wooden shelves.

Shapes were strong but simple - cropped comfortable trousers, square-cut T-shirts, loose, easy shirts in white or denim or striped cotton. Household products were simple, too - clear, plain glass in unaffected shapes, unadorned but high quality white porcelain, strong cardboard storage boxes, stationery from recycled paper. Not a dinky flower, an excess ruffle or an eye-catching detail in sight.

It was all too much to resist and I came out newly-garbed in chocolate brown three-quarter

length trousers and a cropped cotton jersey black top.

There is nothing haphazard about the Muji shops - they are founded on strong principles which appear to be rigidly adhered to. The beautifully designed brochures are clear about their aims.

"We wanted to provide our customers with the basic things they needed to live their lives. These things would be made from good, sound materials with no added extras and would sell at a reasonable price. Our clothes would feel good, our food products would be tasty and our household goods would be easy to use."

To those of us reared on the sound and sensible design philosophy of the post-war Scandinavian movement the words may ring a leaden bell. But while Scandinavian-style simplicity never really caught on here I have a feeling that Muji will. The big difference is in mood and timing.

When the Scandinavians

launched their austere design

philosophy there was little

superficiality around to play

away. A Britain that had not

properly recovered from war

deprivation was not ready to

embrace another bout of aust

erity.

Muji's timing seems just

right. The spend, spend, spend

decade is over. Times are

harder, the mood is one of

greater fastidiousness and dis

crimination, of a return to war

deprivation was not ready to

embrace another bout of aust

erity.

Besides which almost every

thing Muji sells fills a need.

The lack of flounce and frill, of

divisive tactics coupled

with the aura of quality with

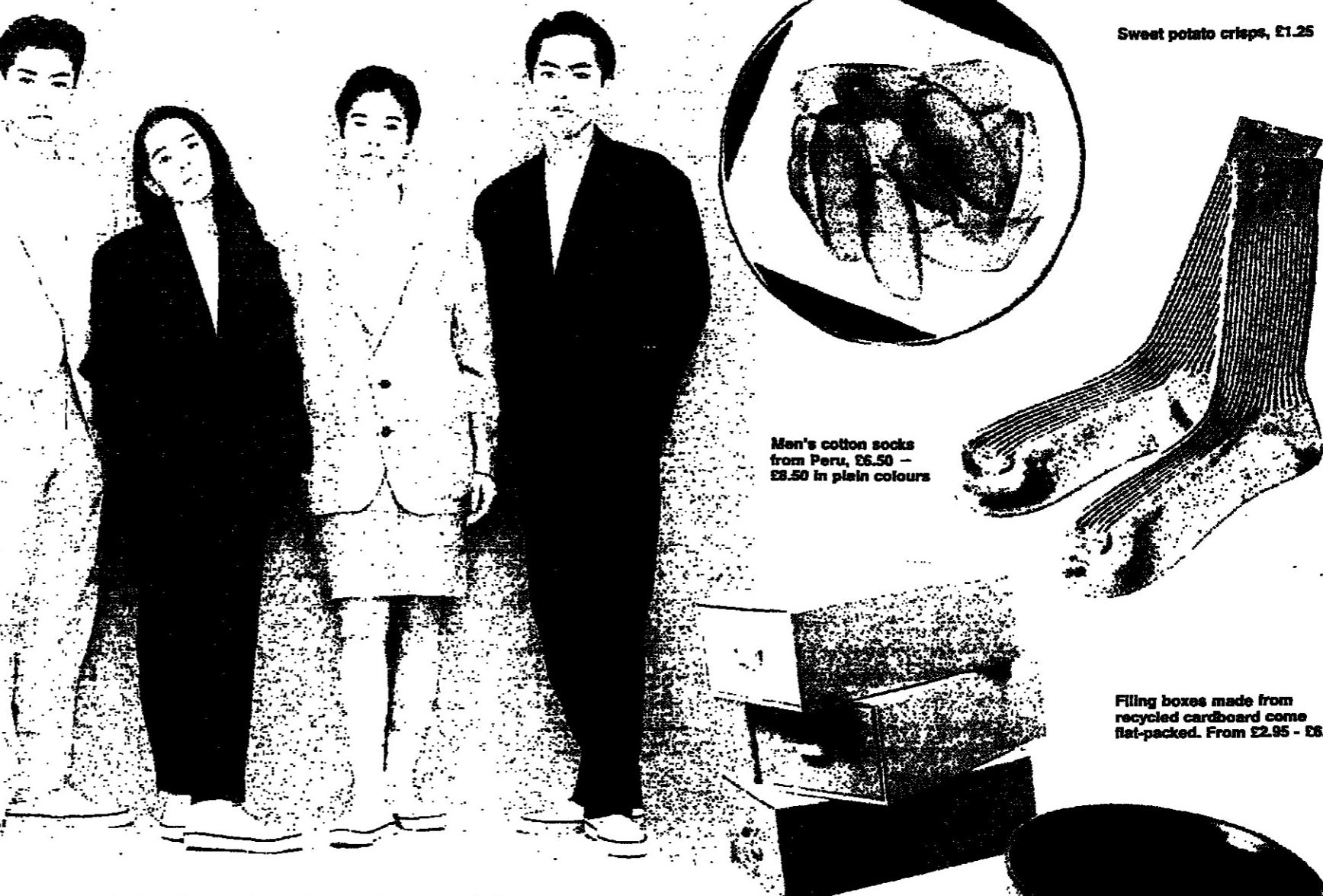
all fuse is very attractive and

above all allows the products

to speak for themselves.

Most people will want some

of the Muji clothing. There are



Sweet potato crisps, £1.25

Men's cotton socks from Peru, £6.50 - £9.50 in plain colours

Filing boxes made from recycled cardboard come flat-packed. From £2.95 - £6.95

Plain lacquer bowls in classic Japanese red or black, two sizes, £3.95 and £5.50



Main Picture: All the clothing is classic, much of it unisex. Here plain linen jackets (£29.95 each in white, navy, black and caramel) are teamed with trousers (£29.95), skirt (£49.95) white cotton shirt (£24.95) and T-shirts (£12.95). The jackets are not available until the autumn.

Plain, hardworking rucksack in canvas or cotton/lycra, £49.95

Art for the great outdoors

THE Scottish Gallery, at 94 George Street, Edinburgh, is always up to something enterprising - from now until July 21 the gallery has embarked on an ambitious outdoor exhibition at Greywalls, a Lutyens-designed house in Scotland.

Lutyens did very little designing in the north, so Greywalls is a rarity. It is on the east coast facing the North Sea and the walls that Lutyens built gave the house its name.

Greywalls is now a family run hotel open to guests from April to October each year. There is no entrance charge to the exhibition although there is an honesty box.

Greywalls is at Gullane, East Lothian. Tel: 0620 842 144.

don't go into wrinkles with a lot of washing.

There are Peruvian cotton socks and pure cotton vests,

simple sweaters, polo shirts and T-shirts with no logos,

long pleated Indian cotton skirts, simple trackuits and strict shirts, particularly designed in pure white and denim at £19.95 a time.

For the household, the philosophy is the same - everything functional, nothing frivolous. There are traditional Japanese bathmats, abrasive on one side, soft on the other, pure cotton towels in navy, white and grey, there are

bedlinens, including square and oblong pillowcases, in plain cream calico or denim, simple lacquered bowls and useful storage boxes.

Look out, too, for the stationery - brown envelopes

are meant to be worn, not to adorn. We would not call them fashion because that

might make you think they are expensively designed with bits here and there thrown in for good measure. Not at all.

"Simply designed in whole-

somes, materials, they feel com-

fortable on, are good to the touch, easy to move in, and

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PROPERTY

Why the rich are spurning status

John Brennan looks at some strange contradictions in the UK housing market

THE UK housing market today is one of sharp contrasts. Just look at what is happening in a private disused warehousing next to Chelsea Old Rectory the great, the good and the party-circuit rich, gathered to view planes by Toyoko Metropolitan Company, an UK property offshoot of a private Japanese investment group.

After a decade-long saga of Kuwaiti purchase, protracted repossession and eventual sale, the house with one of the largest private gardens in central London now has an owner able to push through a 30,000 sq ft extension and reconstruction that will turn this long-abandoned house into a £20m to £30m mansion.

As Toyoko displayed its confidence in the eventual saleability of such a special central London house, a quite different picture was being painted for homes at the other extreme of the price ranges.

Down the road from the Old Rectory, in more prosaic surroundings, housing economists completed a

report showing that less than half of UK households under 30 years old can afford to buy even the cheapest house.

The House Builders' Federation and the Association of District Councils calculate that 55 per cent of all new households in England need some form of social housing and that 75,000 to 100,000 extra low-cost houses would be needed each year if these first-timers were to get a home of their own.

Further across town, Sir Oliver Chesterton reflected on the estate agency world after 60 years in the business. In helping to celebrate the revival of the Chestertons name as an agency he took a verbal scalpel to estate agency hype.

In his view the professional work of estate management and the fickle business of house sales are poles apart. Far enough for Sir Oliver to characterise the sale of the agency offices to the Prudential as the time when the Chestertons and their successors "parted with something that didn't really matter".

As a former Woolwich chairman, Sir Oliver enjoyed the irony of a

situation which has led to the Woolwich restoring the name of his old company, which the society acquired along with the Prudential's London and south eastern agency networks. But he cautioned against talk of any early recovery in the house sales market.

He can still remember the cheers around the office in the 1980s when the sale of a house for £5,000 was the first significant deal in one-and-a-half years. He recalled years in the 1950s and 1960s when any sale was a rare treat. As for Chancellor Lamont's recent talk of a revival in the economy towards the year-end he says: "The question you should ask is when does Lamont's year start?"

Around the capital it depends where you look as to whether the news is that Lamont's promised revival is already evident, has not yet been sighted, or has been and gone.

Cheaper homes are both selling, and sticking. From Fulham to Feltham, buyers have been competing to buy smaller family houses while near identical properties 100

yards away cannot be sold even after successive price cuts.

Members of the Central London Estate Agency group (CLEA), representing the leading residential firms from Hampstead through west central London to Wimbledon and Barnes, have been recording a steady increase in the number of viewers keen to see what bargains are on offer. Sales activity is so patchy that no common trends emerge.

Historic seasonal patterns have been thrown into chaos by eccentric weather. Viewing and sale figures grew encouragingly until the end of May then faded in June. One answer to that may be found at the travel agencies and airports.

There was a surge of last-minute holiday bookings at the end of May and June as Britons stopped dithering about whether they could afford a holiday and took flight. As they have been returning, the viewing figures have been rising, and agencies are preparing for a new round of bargain-hunting in August.

Meanwhile, with unemployment totals rising towards a forecast 2.5m by the calendar year-end, a housing intentions survey by National Westminster Bank confirms the assumption that many would-be movers have been put off by the market because of job uncertainties.

A parallel survey by the Woolwich suggests that an even broader range of homeowners are fed up with patching and mending their homes and would love to make a move if they could.

This pent-up demand underpins the view of Basil Bean, chief executive of the National House Building Council, that a 16 per cent rise in the number of new housing starts in the second quarter of the year, to 35,000, could be the first sign of recovery. On the other hand, employment concerns convinced Joe Dryer, Wimpey chief executive, that the year's earlier sales spurt may have petered out and that "we have seen no indication of a real upturn."

Housing sales volumes everywhere are bolstered by an unparalleled number of repossessions and forced sales. The mortgage lenders' figures for individual home repossessions give no real insight into the scale of the problem. Although repossessions were well up on last year's record 1,000 a month, they do not reflect the number of forced sales arriving at auction from residential property-owning companies or the undertow of forced sales by individual owners.

Down the scale sales are being

pushed through by owners hit by job losses or simply worn down by the pressures of meeting loan repayments that leave them too little cash to live and offer no compensating promise of an early capital gain. Up the price scale, the cash calls made on the members of Lloyd's of London underwriting syndicates are beginning to have their effect with a sharp increase in the number of moderately wealthy homeowners suddenly keen to trade downmarket.

It is from the perspective of the country house market that James Laing and Anthony Cane, joint chiefs of Strutt & Parker's national estate Agency department, report what may well be the only clear, long-term trend to emerge from this otherwise cacophonous 1991 market-place.

Laing reports a distinctive shift in clients' attitudes to their homes since the 1980s. Quite apart from all the obvious factors affecting relative prices of properties since the late 1980s, the company notes a marked drop in the premium that

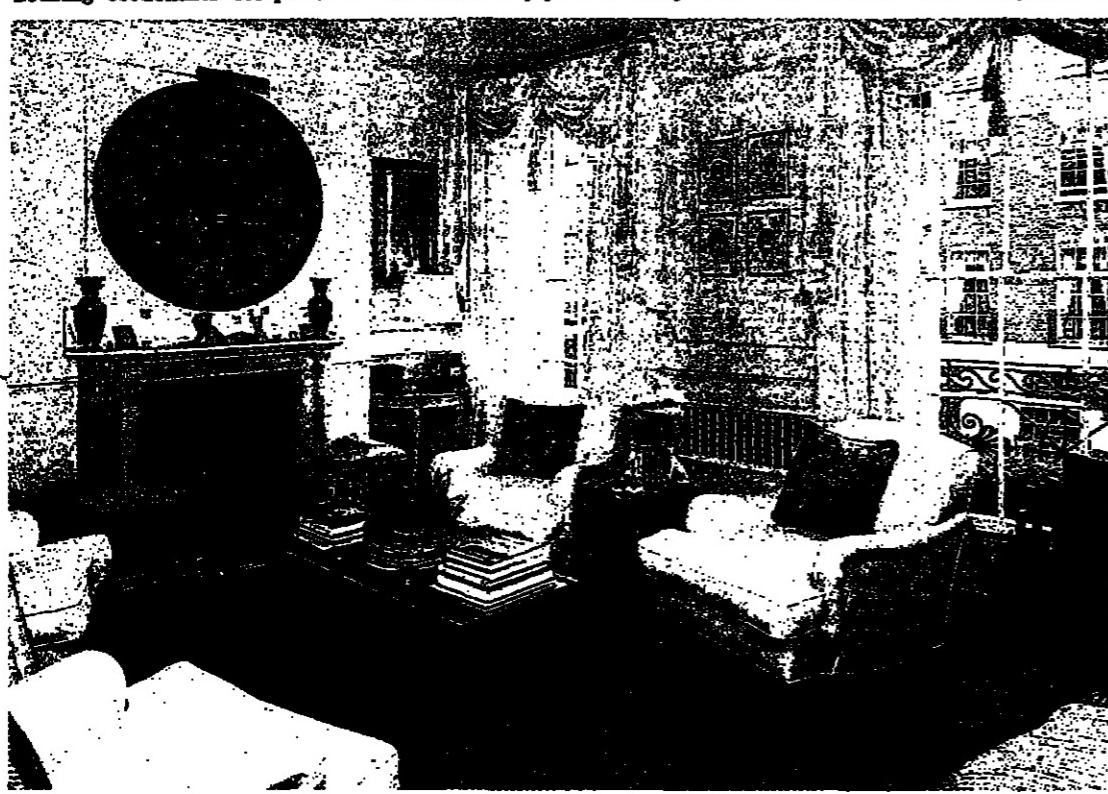
people are willing to pay for status. It explains why demand for family-scale country properties is comparatively keen and why demand for more overtly opulent homes is flatter than at any time since the beginning of the 1980s. Laing says there is a steady interest in good, four and five-bedroom homes priced in the £250,000 to £350,000 range, depending on their condition and location.

That is the classic shires rectory and small mansion property sector that draws buyers from town to country. In the country, as in any other sector of existing housing, each successive price layer depends on a steady cycle of people trading up. Throughout the 1980s the market for the next price layer of homes above those comfortable family-scale properties – the £240,000–£275,000 bigger country properties – was well-supported by rectory owners borrowing their way into the local manor, and manor owners making the break upmarket to acquire a mini-estate.

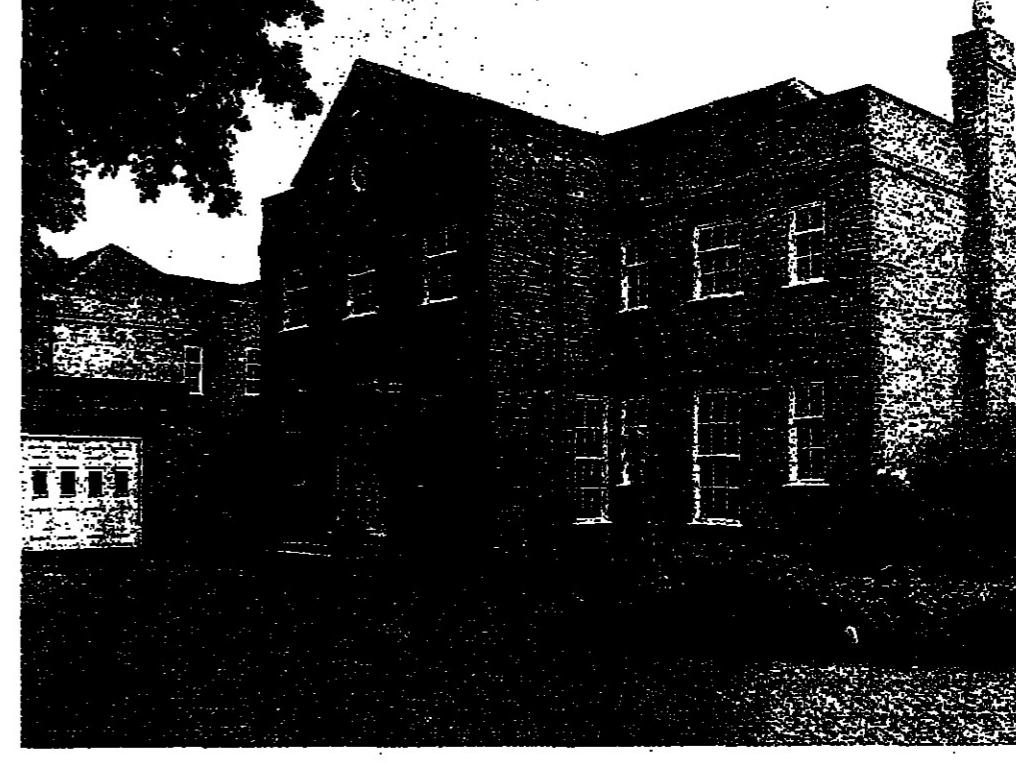
According to Laing, that pressure to trade up has disappeared. Owners with accommodation enough for their needs do not feel the need to acquire a grand facade. What is now posing an additional problem for valuers reviewing the prices of properties in the middle and upper price ranges, is the new enthusiasm among the owners of larger homes to cut their costs by trading down.

These pressures have combined to throw a mass of the best country houses on to the market at the same time. The impact on price is such that, in James Laing's view, many of the houses and estates that would have sold in competition for £15m or more two years ago may be hard to place even with price cuts of a third or more.

Much the same applies down the scale until you reach the more modestly priced homes that have become the focus of interest for people trading up, across, and increasingly down market. This shift in interest, from status to a more prosaic view of value and accommodation, is unlikely to be limited to the country house market.



As house sales hiccup through a period of radical change, rentals continue on their comparatively steady way. W A Ellis (071-588-3536) offers this complete four-bedroom family house and garden in Eaton Square, SW1, has been reduced from £2,500 to £2,200 a week for a long letting.



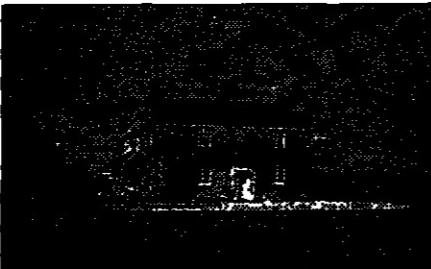
Sir Dennis and Lady Thatcher's no-longer-needed retirement home, the five-bedroom neo-georgian Barratt house, near Dulwich and Sydenham Golf Course, is on now the market. Keith Cardale Groves (tel: 071-495-2495) has set a guide price of £575,000 for the freehold and is vetting viewers to eliminate the inevitable tourists.

COUNTRY PROPERTY

HAMPTONS—



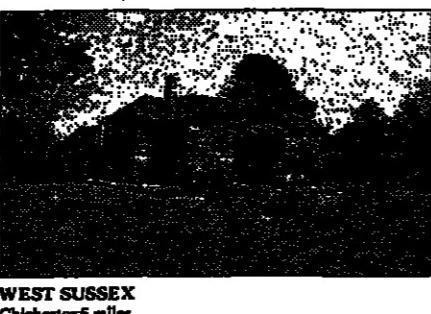
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SPORT

South Africa/Philip Gawith

The challenge in the townships

SOME OF South Africa's finest young black cricketers playing in Alexandra township, near Johannesburg, on Wednesday were watched by Douglas Hurd, the British Foreign Secretary. It was an occasion which captured both the potential of South African sport and the challenge it faces as it is readmitted to the international arena.

He saw children whose opportunities are limited by poor facilities. But he also saw children whose sporting prowess is their most likely exit pass from the squalid townships where they live.

Hurd's visit coincided with a momentous week for South African sport: being readmitted to the International Olympic Committee (IOC) and International Cricket Conference (ICC), respectively 31 and 21 years since South Africa last participated in either's auspices.

These decisions mark the beginning of the end of an era of tragic denial, during

which a whole generation of men and women were not allowed the opportunity to do what they do best at the highest level. That there were sound political reasons for this does not, of course, diminish the tragedy for the individuals concerned.

Clive Rice, one of the greatest cricket all-rounders of his generation, has never played a proper test. Barry Richards, second only to Bradman in the test averages and rated by many as the best batsmen they ever saw, played only four.

At international level, South Africa's readmission will have an enormous

impact, especially in rugby and cricket, sports at which it has traditionally excelled and which are dominated by a small group of countries. It is akin to the comeback of a sporting great, without the risk that it could end up feeble and embarrassing. All parties – players, spectators and those looking after the game's interest – stand to benefit from the novelty.

These attractions should not, however, detract from the formidable challenges in the domestic arena. What South African sport needs to do is to achieve a compromise between the pleasures of interna-

tional competition and improving the opportunities for all South Africans to play the sport of their choice. Apartheid's legacy – an embarrassment of riches for the whites and little for the blacks – is as evident in sport as anywhere else.

Enough has changed in South Africa that the world no longer feels it needs to punish the country's sportsmen and women for this fact. But there is a powerful body of opinion within the country that international participation must be conditional upon sustained efforts being made to upgrade facilities for blacks. It is

estimated that R1bn-2bn (£200m-£400m) must be spent to achieve parity between white and black sports facilities.

This equation is well understood by most sports administrators, many of whom have been badly burnt in the past when they failed to take due note of political feeling in the community. Indeed, these days they sound much more like diplomats than retired sportsmen as they tread gingerly around political sensitivities.

International competition will certainly be one method of generating funds for

upliftment. Dr Ali Bachar, managing director of the United Cricket Board of South Africa, has suggested that when tours visit, a significant portion of profits should go into redressing imbalances.

Other suggestions come from Dr Willie Basson, one of the country's leading administrators. They include a National Sports Trust, funded by a sports lottery; organised sport being required to give 20 per cent of its accumulated wealth, and 15 per cent of its annual revenues to the trust; and sponsors being required to put 15 per cent of their donations into the trust.

An ironic aside to these developments is that even though white South Africans are sports mad, sport is the one area where the ANC have made the running. The government may have removed statutory apartheid, but without the efforts, and imprimatur, of Steve Tshwete, the ANC's leading sports official, South Africa would still be feeling the chill winds of isolation.

Golf/John Hopkins

Heaven among the sand dunes

IT WAS a scorching afternoon in summer and time to be pressing the atmosphere down on to the road every mile of the journey from London. I was hot, tired and frustrated. Royal Birkdale golf club in Southport, the site of next week's Open championship, had better be all it is cracked up to be, I thought to myself.

I first heard of Birkdale while on family holidays in the Lleyn peninsula in north Wales. Each August my father would meet a doctor who was a member of the famous Lancashire course and the two of them would play golf most mornings. "Roger's a very good golfer," said my father, explaining why he had lost, as he usually had. "He has promised to take me to play Birkdale. He says there simply isn't a set-up hole on the course."

My father could not have conveyed his feelings of reverence and enthusiasm better if he had been a Catholic and said he was going to mass in the Vatican.

All this came back to me as I drove along the Waterloo Road years later wondering where this famous link could be. There were houses to the right of me and houses to the left of me. And then I turned my car towards the sea and saw one of the most striking sights in golf. Ahead were big sand hills covered in shaggy marram grass which was blowing slightly in a light onshore breeze. This, I suddenly realised, is a real golf

course. Nothing I have learnt from that day to this has diminished my view that if I had one course on which to play golf for the rest of my life, then this would be it.

Royal Birkdale is the best Open course in England, among the best in Britain. The sandhills give it the definition and some of the ruggedness all seaside courses need and the green ribbons of fairways skillfully run down the valleys between the dunes. Most greens sit so naturally within horseshoe-shaped dunes they look as though they have been put there for that purpose.

Birkdale pioneered stadium golf before stadium golf became a part of golfing patois. There are few blind holes at Birkdale and few unfair bumps than many parkland courses.

Birkdale lies almost at the northernmost end of a sweep of coast that runs from Liverpool to Southport. From its sandy subsoil grows one of the specialties that marks the course: willow scrub, a green grasping bush that looks as though its leaves have been doused with icing sugar. This 20-mile stretch must have been given by God for the purpose of playing golf. A cluster of courses lie on it and the railway was the making of them.

In the late 19th and early 20th centuries it brought the cotton and shipping magnates from the grime of Liverpool and Manchester where they worked to the balmy coast

where they lived and played at the weekends. Birkdale, founded in 1889, is one course, Hesketh, West Lancs, Formby, Southport & Ainsdale and Hillside are among others. If there is a collection of better courses so close together anywhere in the world would you let me know. I would like to play there.

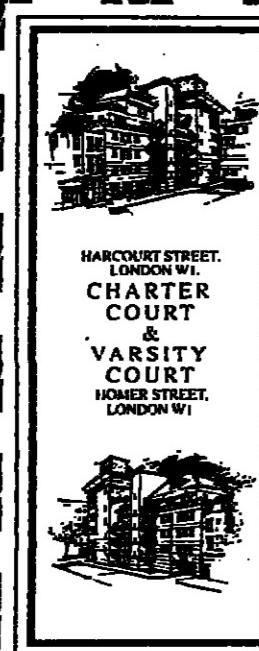
It is often said you can tell a course by the champions who have won on it. More championships have taken place at Birkdale since the war than any other course, from Walker and Curtis Cups, the British Amateur, numerous professional championships, to Arnold Palmer's Open of 1961 and the tied Ryder Cup match eight years later.

Palmer's victory in 1961 started a tradition: Americans may not be able to win the Open at Royal Lytham but they have won the last three held at Birkdale – Tom Watson (1983), Lee Trevino (1971), and Johnny Miller (1976) who overtook a 19-year-old Spaniard, name of Ballesteros, S, in the final round. Pay attention to him; The clubhouse is visible from every hole on the course.

So turn your back on the clubhouse and walk out to the far end of the course, to the par 12th hole, Tom Watson's favourite short hole in Britain and Ireland. It looks as though it has been there since the day the sea receded though it was actually built less than 30 years ago. It is rugged and at 190 yards no easy shot. There is a perfect position from which to watch and you reach it by climbing to the top of the sandhill to the left of the green as you look at it from the tee and then bedding yourself down in the luxuriant grass. The players will pass before you and below you as if you are on a massive dais at a passing out parade.

When you have feasted your eyes on every player in the field then head home. But whatever you do, do not look at the clubhouse. You might turn to stone, like Lot.

LONDON PROPERTY



New Apartments

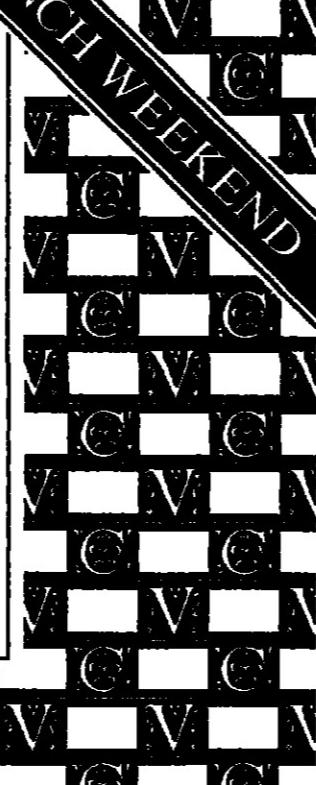
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GLAMORGAN is a cricketing county of contrasts. The most obvious is its habit of emerging from dire straits every quarter-century or so to win the county championship. Glamorgan became a first class county in 1921, won the championship for the first time in 1948, after a post-war revival, and for the second time in 1969.

They are due for their third win any time now and appear to be warming up for it, last year rising from last to eighth place in the county table, this year holding their own in seventh in spite of losing their best bowler, Steve Watkin, best batsman, Hugh Morris, and star recruit, Viv Richards, to Test match duty.

The arrival of Richards is seen as the trigger of their latest rise to good form.

"We needed someone who was used to winning; someone with experience of winning. Viv's approach to the game helped the side and his attitude to the game made a big difference," Morris told me with relish. He is proud of Glamorgan's acquisition and proud that Richards enjoyed his first year there enough to have signed a contract for a further three years.

Richards and Morris fit nicely into another regime of contrasts that has always characterised Glamorgan's cricket: that of the players of flamboyant talent (Richards) against a background of quiet, unassuming talent (Morris). Tony Lewis led Glamorgan carefully and intelligently to its 1969 championship success, showing how valuable the young Pakistani Majid Khan's brilliant, colourful batting was when guided and used properly.

Lewis's predecessor, Ossie Wheatley, captained Glamorgan from 1961-65, in cavalier style, with mixed results. One evening in 1963 he had gone to a dinner in London after a game against Kent, before a game against Essex the next day. Knowing he would not have the time to change into his dinner jacket in London, Wheatley changed at close of play in Dover, before going on to London.

The plaintiff left the dinner about midnight, went to bed shortly thereafter and left next morning dressed in his dinner jacket. He arrived at Colchester in time for the toss, which took place well before the start of play, with only a few people in the crowd and with the plaintiff still in his dinner jacket. (The Times, August 1 1964).

Wheatley brought a libel action against Beaverton Brook Newspapers for misrepresenting him as an all-night party-goer, instead of a professional cricketer. He was awarded £10,000 of sum of money appropriate to the injury to his reputation. The papers had been inaccurate.

Since Wheatley released him at the end of 1966, Butcher has had a second lease of life at Glamorgan. Last year he and Morris were one of the best opening partnerships in the country. Both scored over 2,000 runs. Everyone in Glamorgan was delighted when Morris was

estimated that R1bn-2bn (£200m-£400m) must be spent to achieve parity between white and black sports facilities.

This equation is well understood by most sports administrators, many of whom have been badly burnt in the past when they failed to take due note of political feeling in the community. Indeed, these days they sound much more like diplomats than retired sportsmen as they tread gingerly around political sensitivities.

International competition will certainly be one method of generating funds for

Morris. He thinks Richards, like Anthony, another Antiguan playing for Glamorgan, probably feels a special sympathy with the county because it is a small and friendly cricket community, like Antigua, and to places have to fight hard to avoid being overwhelmed by powerful, nearby rivals.

Glamorgan's sense of Welsh identity has strengthened in the last few years. Alan Jones, formerly a gifted opening batsman for the county, now its chief coach, works hard at encouraging and training talented young cricketers. Glamorgan's biggest sponsor, ASW Holdings, sees itself as a guardian of all things Welsh, including cricket, and provides the money and facilities for talent-spotters and coaching.

Neath is Welsh cricket's chief training camp. Not even the most ardent Glamorgan supporters could boast of Neath's beauty, any more than they could boast of the beauty of the club's main grounds, Sofia Gardens, Cardiff, or St Helen's, Swansea. But all are proud of the fact that especially since the advent of one-day cricket, Glamorgan are opening grounds while other counties are closing them.

"Cricket in Wales has got a higher profile now," said Morris with a smile, "and we've always got Aberavon as a quaint and picturesque ground."

But surely Glamorgan have come problems? After all, they finished eighth, not first, last year and are still capable of ghastly collapses, such as the one they staged in the first innings of their recent match against Nottinghamshire. No one has any doubt about problems. The main problem is the weather.

Robert Croft, Glamorgan's clever young batsman and off-spinner, sighed miserably as he watched the rain flood the field of play. "I never get more than a few overs at a time before having to come off. You can't get a rhythm going when you only bowl in short bursts."

The disconnected, stop-start element in Glamorgan's play is its main weakness. It is a sobering thought that Watkin is regarded as the team's steadiest bowler. Their main task must be to get their talent organised, so Anthony and Steve Bastien can do their bowling justice, while young batsmen such as Steve James and Croft get their batting more consistent.

Most of Glamorgan's young players played together in youth teams and form the basis of a good, coherent team. Perhaps Glamorgan's newfound confidence and popularity will help these diverse talents work together, so that the next attack on the county championship can be launched sedately from the middle of the table, not near the bottom.

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Volvo breaks fresh ground

Stuart Marshall finds plenty of innovation behind a familiar look

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Since Surrey released him at the end of 1966, Butcher has had a second lease of life at Glamorgan. Last year he and Morris were one of the best opening partnerships in the country. Both scored over 2,000 runs. Everyone in Glamorgan was delighted when Morris was

included in the squad for the third Test against the West Indies, and no-one was surprised when he was not chosen by the daily grind of practice. His was to play and had to sit it out as 12th man.

It would be something of a triumphant irony if cheerful, unfashionable Glamorgan had to play the rest of the season with their team disrupted by Test calls on Watkin, Morris, Richards and Hamesh Anthony.

Playing for England has always been one of Morris's ambitions, along with playing for Glamorgan. He is Welsh, with a strong family involvement in Welsh cricket, and his cricketing hopes have dual nationality. He sees nothing uncomfortable in this; if anything, it makes him all the more determined to do well for England, on behalf of one of its smallest cricketing outposts.

Once launched on this line of thought, there is no holding

feels just as vigorous. Both mean there will be some price overlap with conventional, rear-wheel driven Volvos. British buyers will have to wait nearly a year to get it.

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TRAVEL

The call of the desert, the smell of the souk

A culture that has existed since Biblical times can still be seen in Morocco today, says James Henderson

EVEN AMONG the most desolate mountain wildernesses, the Moroccan Anti-Atlas are spectacularly barren. They stand between the majestic peaks of the high Atlas and the dunes of the Sahara, their crumpling rockfaces burned ochre, tinted with green, pink and red. Their convex slopes are scratched with strata that imitate the contour lines on a map. On the high plains you can travel for miles without seeing anything growing.

Even the simplest life is an ever-running battle. The sun and wind join forces to sweep the ground clean, scorching the earth. Against them, plants cling desperately with fibrous roots to any crook in the ground, cloying even grains of sand to create a humus, hoping they can trap enough water to survive.

The Berbers have held out here, though, collecting the occasional rains and snows, tacking their villages to the mountainside, houses stacked head to toe. Any drop of water they can find is meticulously channelled, often for miles, and fed into the terraced fields. You see their *kasbahs*, craggy castles of beaten earth, perched on the high ground in every fertile valley.

Surrounded by Moroccans in their effin-hooded *djellabas*, we wound laboriously into the hills, coasting around the tortuous bends and running as straight as an arrow across the plains, a sea of fist-to-football-sized boulders. I noticed a simple logic to the traffic: the bigger you are, the more of a claim you have on the single strip of tarmac.

If you lose out, you simply change down a gear and shift on to the gravel banking at the side. Pedestrians step into the ditch for donkeys, which move aside for anything on wheels. A motor cycle shrivels for a car, which swerves at the sight of a van, which moves off the road for a bus. Loaded grain lorries stop for no man. The

system seems to work quite well, but then the roads are fairly empty.

We were travelling down an oasis valley towards Zagora on the edge of the Sahara. The mountains are burned barren and on the valley floor was a carpet of green, the sprouts of thousands of date palms, tightly clustered, snaking off into the distance with the meandering of the valley, towards the vast and threatening ochre dunes in the distance.

The idea of an oasis is too well-known, but there is nothing quite like stepping out of the oppressive Sahara heat and sitting down in a shaded garden, laced with cold streams. The water-courses run in all directions, seemingly without pattern, sometimes even crossing over one another, but seeking out the fields in an ingenious network.

In the shade of the overhanging trees the lightest breeze seems to cling to the surface of the cool water. Above us, the date palms stand tallest, their bushy crowns shading the fruit trees planted in times beneath them. The ground is covered with crops. Not a square yard of this fertile ground is wasted.

Our adoptive minders, a small crowd of shy but inquisitive children, took us to a cool spot where a family was harvesting its crop of dates (Zagora dates are supposedly the best in the region), and we sat watching the work. Cutters were handing down the branches. The dates were stripped, washed in a stream, left to dry and then boxed up before being loaded on to the donkey and taken off for sale.

In such desolate surroundings it seemed like the original land of milk and honey, a pas-

toral idyll that has been around since Biblical times. Tell them a man has been in the moon and they might believe you, but they would wonder why he bothered. Stay here too long and the whole of the western world, its glinting chrome, scientific ethic and boundless progress, begins to look like a hiccup in time's passage.

After the barren majesty of the Atlas mountains, we descended to the sensuous delights of Marrakesh. Immediately we were over the high Atlas the country began to look more fertile. Terraced fields stood out in green on the brown of the huge valleys laid out thousands of feet beneath us. The simple system of traffic breaks down here as there is no gravel shoulder. Horses bearing grain lorries lumber round the tight bends in the middle of the road.

Marrakesh - "The Red," from which the European name for Morocco derives - is an ancient capital of the region, a city surrounded by vast castellated walls. We arrived at dusk approached and took a room above the Djama el Fna, the market place and nerve-centre of the city. The evening was getting into full swing. People were gathering around the snake-charmers, actors and story-tellers. With a rumbling crescendo and dramatic thump there was momentary silence, and the actors would start to play to the audience, reciting a snatch of story before the beat built up again and they spun off into a dance.

But the real business of the evening began with the lighting of the braziers for the evening meal. We strolled from stand to stand, eating for a moment and taking a walk-about between each course.

There were boiled salsas, soup, water-sellers ringing bells, kebabs, religious men holding forth, stews, fish and chips, flailing dancers, fruit and sugared cakes. It was a long night.

The temperature of the

Moroccan winter seemed perfect. But from the cafe around us, I got the idea that Marrakesh gets a bit hot in the summer: each time I looked up, there was another Caf Glacier or Brasserie iceblock.

We settled for the Caf Igloo, decorated with winter Alpine scenes, where Moroccan men sat with their mint tea. Brewed with fresh mint and steeped with sugar, it is a bit like drinking Wrigley's Spearmint Gum. Seeing us they smiled and referred to it as "le whisky marocain."

On the map, the souk which leads off the Djama el Fna, is whole square miles of market. In tiny alleys you will find bakeries, businesses, garages and

workshops as well as houses. We entered the fray, looking busy, relentlessly casting aside the attentions of the hustlers, invitations to yet another "Aladdin's Cave" and the remonstrations of the shopkeepers, calling us in for another hour of mint tea and bargaining: "Miseu, Miseu."

The passages became tunnels as the wickerwork overhead filtered the glare of the sun and we passed into semi-darkness.

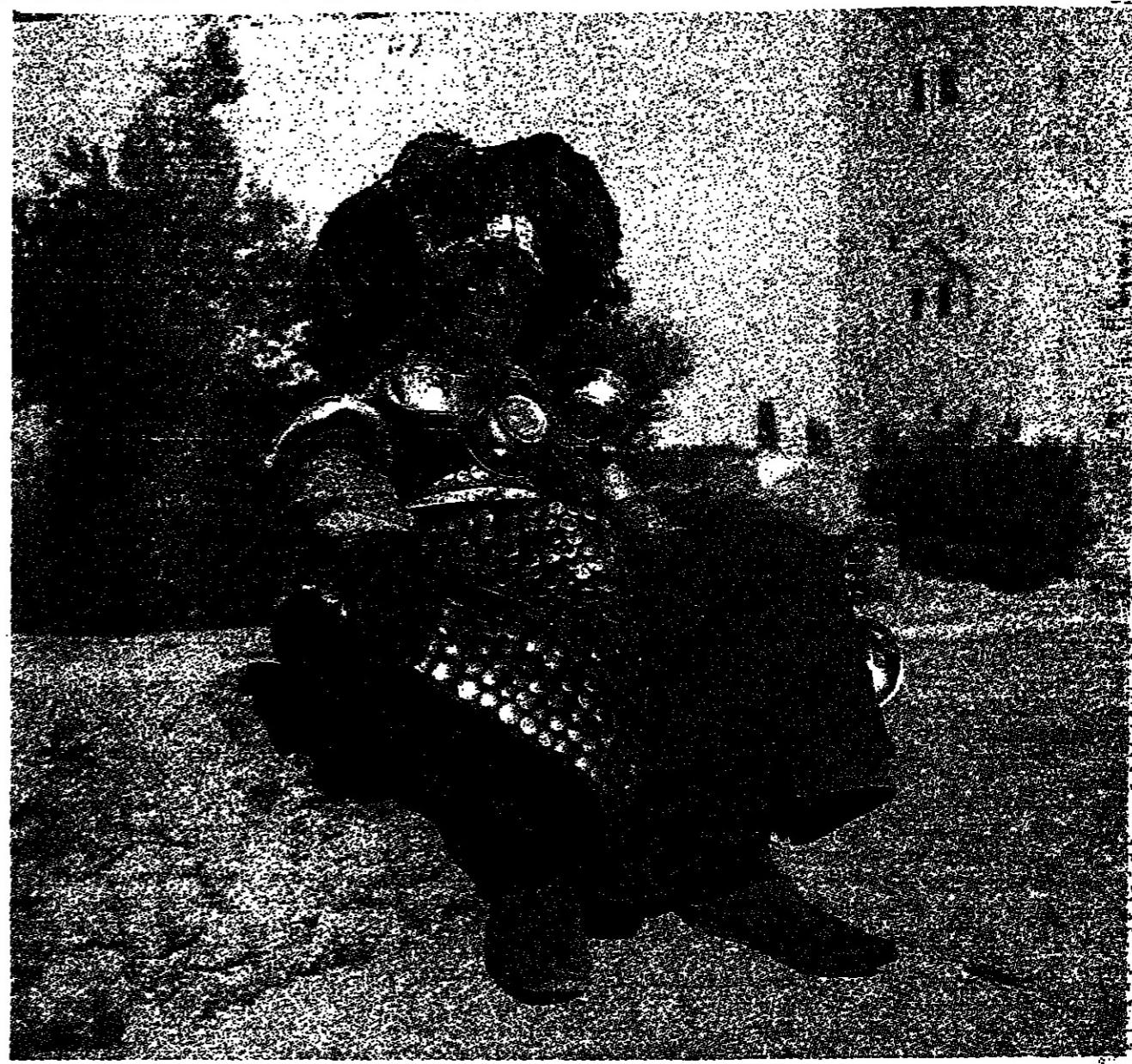
We were bombarded by the smells of the souk - citrus, freshly-cut pine, polished brass, leather, a faint sweet smell of drams and the wafting pungence of spices in their bulging hessian sacks. In con-

trast to the houses out in the country, with their menacing, defensive walls and receding appearance, the bazaar shops are positively up-front. Piles of goods and groaning sacks pour on to the pavements. The shopkeepers preside over their goods from within: "Miseu, Miseu..."

After an hour of wandering, the alleyways became thinner, more sinuous, the stalls darker and tighter, the crowds thicker and the calls to buy ever more persistent. "Miseu, Miseu..." Carvings with Koranic design, rushwork, lipsticks in pots, chameleons, were all shoved in our faces.

"Miseu, Miseu, c'est fermé, par là." We had walked straight into a dead-end. It had been a kind gesture and we had ignored the man. sheepishly, we sneaked back out and scuttled off.

But where to? We were completely lost. It was a Warren. We must have walked a couple of miles in the same direction and still we had not come out. In a way it would have been a disappointment to discover that the souk had limits, but to stay there for ever? A moment later our problem was solved. In the gloom a white blob emerged: European faces, identical T-shirts, hand-held video cameras. It was Club Med, holding hands in the *medina*, advancing fearfully and slowly. We tagged along.



The sights and sounds of Marrakesh: reminders of an ancient past

INFORMATION

Flights: Royal Air Maroc flies direct from London to Marrakesh three times a week from £225 return (peak season December).

Car Hire: Approximately £140 per week, best arranged on arrival. International driver's licence recommended because of photograph. If you prefer to book in advance, try Holiday Autos on [London] 071-491-1111 (from £170 per week).

Holiday: Four-star hotels in Marrakesh include the Es Saadi on Avenue El Gadiessa, in the New Town, and the celebrated Maimounia. Both charge about £45 a night for a double room.

Ouzerazzate has few hotels with any character. Top of the range are PLM Azghor and Riad Saisam. One of Morocco's most spectacular restaurants is nearby at the Glouglou Kasbah of Tififloute. Tour buses have discovered it, so ask what the restaurant expects one.

Taroudant has two excellent hotels: the Gazelle d'Or (double room: £100-plus; book well in advance); the Palais Saisam costs about £40 double.

General: In the summer months a hotel pool is essential. Some English is spoken, but French is widely used. Travellers are advised to drink bottled water. No vaccinations are required. The Moroccan Tourist Board is at 205 Regent Street, London, W1R 7DE (071-437-0073).

Books: Elias Canetti's award-winning *Voices of Marrakesh*, Gavin Maxwell's *Lords of the Atlas* (about the Glouglou family), and works by Paul Bowles, including *The Spider's House* and *Under the Sheltering Sky*, are good reads. The *Cadogan Guide to Morocco* by Barnaby Rogerson is recommended.

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ROT

PERSPECTIVES

Galley slaves sample life before the mast

Ian Fraser survives half a gale and the threat of shipwreck aboard a replica of a 16th century Hebridean galley

LIKE MANY ideas, it seemed good at the time: to build a replica of a 16th century Hebridean galley and set sail from County Mayo in Ireland to Stornoway in the western isles of Scotland. But as we rounded Malin Head, the most northerly point in Ireland, in a gale, the crew became apprehensive.

The last time a 16-oared galley, to give its Gaelic name, had sailed this stretch of water was 500 years ago, so we had no idea how our replica would behave. For company we had only a local fishing boat and a colony of kittiwakes.

Our mast had been broken by a gender wind the previous week and we did not rate its chances. We had no firm guarantee that our 16-oared galley would not capsize in the heavy swell. But *Aileach* showed herself to be of stern stuff. With experienced racing skipper Andrew Macdonald at the tiller she pulled through, hardly shelling water in spite of low gunnels, climbing each crest and plunging into the troughs without so much as a shudder.

Having averaged six knots on the reach from Ballyhoosister, we squared off the yardarm on rounding Malin Head. With the wind behind us and twin spars holding the base of the emblazoned square sail out to either side, it was not long before we were surging forward at 10 knots. Running before the wind, we discovered that our archaic rigging was more efficient than the fore-and-aft type that is almost universally favoured nowadays.

Named after a fourth century Scottish princess, *Aileach* is 40 ft long and 10 ft wide, made of flexible larch planking on oak frames, and has carved Celtic figureheads at both prow and stern. Apart from one or two refinements (a hinged rudder and riveted planking) she bears a striking resemblance to a Viking longship.

The building of galleys stopped in 1608, when James VI ended the naval supremacy of the Lords of the Isles. So when Ronald Macdonald and Wallace Clark decided at the clan gathering 12 years ago to build a replica they had little to go on. They relied on computer analyses of medieval carvings to achieve a reasonably accurate picture of the boats. The sought guidance from Dr

Although kitted out with VHF

radio and liferaft, the *Aileach* was essentially a medieval vessel. Living conditions were cramped and primitive, and the only shelter was a rudimentary canvas awning that could be stretched across both gunwales like a makeshift tent – and could not be used at sea.

The 12 of us on board each had a permanent rowing bench with a small amount of stowage space underneath. Kevin O'Leary, the cook, constantly surprised us by producing culinary masterpieces from an erratic gas burner.

Made of stern stuff: the 12-man crew of *Aileach* off the northern Irish coast

In spite of the boat's historical authenticity, there were times when we had to rely on 20th century technology to avoid death by drowning, which must have been common in ancient times. We were reminded vividly of these perils on the day we were due to take part in a historical pageant at Red Bay in Co Antrim.

We were meant to take our position in the re-enactment of the nuptials of John Muir Macdonald and Margery Bissett, a wedding that took place in 1399 and gave the Irish Macdonells an enduring foothold in

Ulster. But the day turned out very differently for us. We set sail early from Rathlin Island but a savage squall tore across the surface of the sea as we pulled out from Tor Head, leaving streaks of spray, foam and spray in its wake. *Aileach* slewed violently to starboard, and for a terrible moment it seemed that she was about to capsize.

The brawniest Highland seafarer

would have been unable to row into the teeth of that gale, so we lashed our inflatable dinghy to the side

and powered ourselves towards the safety of the shore with its 30hp Yamaha outboard. I spent an age sitting on the bows of the dinghy amid surges of spray to prevent it from flipping over, while Mark, the rowing master, baled furiously. Miles Clark was struggling at *Aileach*'s helm while the rest of the crew cowered for protection in her bows.

Even at full throttle, we barely

made headway. After what seemed an age inching forward against the wild confusion of driven spray, we

reached haven in the Glendun estuary and, soaked through, were welcomed into an old folks' home for tea and scones. Without the engine, we would almost certainly have been swept against the rocks of Kintry, 15 miles away on the other side of the Irish Sea.

Many of the original galleons were less fortunate. In 1682, a fleet of Hebridean galleys loaded with mercenaries was driven off the northern Irish coast into a storm by the English navy and 140 Scots perished. In 1670, Iain Garbh of Raasay drowned in the Minch along with the rest of his crew, after over-indulging at a christening feast in Lewis.

We had barely recovered from our ordeal when we were due to make our next appearance, at the Bunnahabhain Distillery on Islay. Again we had to break with tradition and were towed most of the way across the Irish Sea by a passenger ferry that usually plies between Rathlin Island and Ballycastle.

This time it was merely because the wind was against us. The purists among us felt this intrusion of the 20th century made a mockery of what was otherwise a determinedly medieval voyage. But others argued that we would have missed an important rendezvous with one of our sponsors if we had attempted to row across.

In two minds, I left *Aileach* on Islay. She was due to sail on to Colonsay, Iona, Eigg and Skye before ending her six week voyage at Stornoway, on the Isle of Lewis last week.

It was an appropriate finishing point for the voyage. It was in Stornoway that Black Donald, the last serious claimant to the title of Lord of the Isles, was cornered by the Stewart King James IV while taking refuge with some MacLeods in 1506.

The *Aileach* is due to take part in a river race on the Thames in early September and will then be exhibited at the Earls Court Boat Show, London, in January next year. After that she is expected to become a tourist attraction somewhere in the Highlands, although her resting place has yet to be decided.

In a twist of fate reminiscent of the clan feuds that followed the collapse of the Lordship of the Isles, several clans are fighting over whose "heritage centre" is more worthy of her.

GARDENING

Lesser lights that repay attention

Arthur Hellyer on colourful but unfamiliar flowers

JULY IS a good month for hardy herbaceous perennials. Daisy flowers are at a peak as are helichrysums, stolid providers of colour, not graceful but excellent value for money and plants that one can scarcely do without.

The perennial sunflowers, helianthus and rudbeckias add their mainly golden colour and the erigerons and early asters complement this with blue which also comes from such fine plants as Salvia Speranza and its varieties, the common catmint or nepeta and its extra large variety Six Hills Giant. There are good campanulas including the 5ft-6ft-high C. lactiflora, the shapely and shorter C. latifolia and 18-inch C. glomerata which has an extra deep violet purple variety named Daburia.

But it is of other, less familiar flowers that I want to write today, the asteroheras, and some of the very beautiful eryngiums or sea hollies. With me, Asterohera aurantiaca is a beautiful nuisance, a plant that does not know where to stop but penetrates where it is not wanted and can rapidly smother all the legitimate occupants of the soil. The flowers are orange-yellow or a full and lusty orange in a good variety such as Dover Orange.

The excellent *The Plant Finder* (Headman £9.99), so good at keeping us up to date on names, reminds me that aurantiaca is no longer valid and this plant must now be called aurea, which means golden. I find this sad since aurantiaca means orange.



Instead, you need a picnic and a rail ticket; the sponsors are Network South East. If you cannot cope with the spirit of a major flower show, you can always eat the picnic by the great vats over water to Hampton Court Palace. Trains leave from Waterloo at frequent intervals.

A rail ticket (£3.50 return) entitles you to a reduction on the entry fee down from £10 to £8. What are you then supposed to do, beyond the turnstile? You can look at the Agri-frame arches for your climbers, wonder about wooden pyramids for your trainee bushes of box, or visit an exhibition of Koi carp. You can probably dodge the media and try your skill at designing a garden for the blind; you can ask experts from Hilliers about the problems of beginning to garden.

One of the problems is that Hilliers' own retail shrubs are expensive. Personally, I always feel lost among garden sundries. I felt more than lost among the outdoor gardens, which struck me as even beneath the Chelsea standard. For gardeners, the living heart of the show is inside the main marquee where there is room to move and breathe.

There is no point in comparing it with the overwhelming richness of the Main Tent at Chelsea. The exhibitors at Hampton Court are aiming for a different effect and usually have not gone for exhibits of the same grand style. However,

SINCE 1990, there has been a new follow-up to Chelsea Flower Show. Today and tomorrow, it is running flat out at Hampton Court, London, beginning at 10 am. It is on the grand scale and already ranks as a huge success.

I congratulate the organisers and hope that their event is now firmly part of the English calendar. Nearly 500 exhibitors have been drawn in, after reports of last year's happy debut.

The marqueses are packed with flowers; there are masses of things which you never knew you wanted; personalities from the media are all over the place, and there is even a photographic exhibition of famous mazes, past and present.

None the less, weekends in July are priceless; is it worth a visit? If you go, with two warnings and a clear sense of objective, even the keenest gardener will find it worthwhile.

The warnings are fundamental to the outcome. Do not go anywhere near the place in a car and do not reckon to eat on the premises. The traffic jams are appallingly bad on all the approach roads and the car-park tails back through acres of harvest bugs and meadow grass. The catering stands are only slightly less jammed than the approach roads; the results are not worth a queue.

However, with A. Ligtu Hybrids there are no problems other than at the outset when it seems best to start with fairly young seedlings in pots from which they can be planted without disturbance. They need sunshine and good drainage, are best left undisturbed, and they produce a delightful range of colours from pink to orange. This is a plant that lasts a long time in flower. In complete contrast to this is E. tripartitum, a sea holly with big, widely-branched sprays of small, blue flowers excellent for cutting and long-lasting. R. giganteum is more like alpinum in size and flower form but the colouring is totally different, light grey-green leaves and nearly white flower heads and bracts. The plant usually dies after flowering so must be treated as a biennial and reproduced annually from seed sown in May or June.

There are also several fine garden hybrids which tend to split into two groups, one with the large flowers of alpinum and the other with the small flowers of tripartitum, all perennials and all worth growing if you can find them in nurseries. This is becoming increasingly easy with the growth of small nurseries specialising in the more unfamiliar plants and relying mainly on enthusiasts who come in search of rarity.



The secret garden at Hampton Court Flower Show designed by 11-year-old Katie Tomlinson

Chelsea's budding rival

they have one huge advantage, which makes the rail-ticket, crowds, and sidestalls worthless: they are selling table-loads of plants on the spot.

At Chelsea, you have to order for future delivery and, by the time the plants appear, you have forgotten why you wanted them. At Hampton Court, you can walk off with them at prices ranging from £1.20 for an old-fashioned dianthus to £4.75 for one of the newer Lavateras, which root like weeds from cuttings.

Impulse-buying is always fun, but here it is almost perfect. The exhibitors are not just the big, repetitive firms; smaller nurseries put the best of their catalogues on show. I think that I have left you with enough to buy, but I also left myself with a car-boot full enough for a sale of my own in the car park.

By midsummer, gardeners always begin to see what their gardens most need. At Hampton Court, I bought it from Osteospermum from Belgium, which are completely hardy! Perhaps your Red Hot Pokers are fashionably green-white in the variety called Ice Queen? Perhaps you can distinguish all the forms of Tree Mallow, which are now so popular, and tell a Barnsley from an Ice Cool and a Candy Floss and know which is worth growing?

In two hours, I shopped furiously for all these things and learned more about quality and oddities than I could possibly have gained from a July afternoon in a garden open to the public. There is a freshness of spirit about the occasion and it is great to see smaller, but not lesser, nurseries having such a chance.

My particular favourites would include a wonderful stand of penstemons and summer-flowering perennials, staged by Brian Riley, whose nursery lies in outer London at Wallington on the way to the M25.

If his table-load has not sold out, there is a mass of good stuff here for any imaginative gardener. I also urge you to look out for the rarest plants of all, shown by Rowden Gardens from Devon, its change of telephone to 0822-810275 has been deceiving me all summer from last year's *Plant Finder*.

On the front of its stand is a sensational Lily-of-the-Valley, the leaves of which are striped with a lovely variegation in cream-yellow. It out-classes the other variegated forms, which are rare enough themselves.

It derives from an aristocratic gardener's plant which was passed to a great Polish propagator, Victor Pawlowski, in Devon. He died this January, but about 30 plants were found in his collection and

passed to Rowden Gardens, a connoisseur's nursery.

Although I mistrust most novelties, the colour in this plant's leaf does really look to be a winner. It commemorates a propagator who was himself a gardener with a touch of genius.

If you gave him a packet of matches, the nursery-owner told me, he would turn it within weeks into a pine-forest. The Hampton Court show did not exactly begin as a small packet of matches last year, but it, too, has fired more people to participate and started to grow mightily. It has plants for all tastes and levels of knowledge. Try the train and treat it as an exercise in competitive shopping: like me, you should then have a rare old time.

GARDENING

An Imaginative Garden Designer
Hugh O'Connell M.S.G.D.
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BOOKS

A life of blood, sweat and tears

Michael Thompson-Noel hails a new biography of Australian writer Patrick White

IN LATE 1960, Patrick White began the final draft of *Riders in the Chariot*, following his usual routine of going to bed after dinner and then getting up again to use the small hours which he found "the best for writing letters and cooking, also for revising, though not writing novels; first thing in the morning is best, I find, for that."

His habit was to write three drafts of each novel. The first was impressionistic, private, painful and messy. In these months he found himself at loggerheads with everyone and everything. He drank for the "passion," using alcohol to cut the knots in the writing. He wrote with a fountain pen — later a biro — in a clear hand on lined foolscap paper. He only ever abandoned a novel towards the end of the first draft. Occasionally he spent weeks wrestling with a single passage.

Second drafts were a pleasure of engineering. He spoke of them as "oxydising." They could make him feel "quite godlike," the right words slipping into his head and shaping forming out of chaos.

The final draft was typed on a portable Olivetti — two fingers, single spacing, very narrow margins on the filmiest of paper which drove his publishers to distraction (White was worried about the cost of stamps). Before starting on the final draft, White re-read the second, shocking himself, sometimes, at the slowness of a bit of writing, wondering whether he had clarified the obscurities without creating new ones.

As usual, he worked quickly on the final draft of *Riders in the Chariot*, though there was the usual crisis of confidence towards the end. Would any-

one be interested? Was he speaking a private language?

Should he throw it away?

Yes, David Marr in this exemplary biography, "even as those doubts gathered, he was entirely swept up in the writing. As Alf Dubbo died of TB, having at last painted his image of the chariot blazing across the sky, White found himself coughing blood. He wept as he finished, and that was always an omen of success."

White confessed to Marr that he found the book so painful ("What a shit I was, the way I treated my lovers") that he often found himself reading through tears. A short while later — September 30 1990 — White was dead. His lungs had packed up, though to the end he remained curious, demanding tart, funny.

To say that Marr enjoyed White's full co-operation in producing this rich and satisfying biography conveys only a glimmer of its industry and insights, for Marr is a hero in his own right: prodigiously hard-working, scrupulously fair — above all, forever catching echoes of White's bizarre life in the gloriousness of the novels.

For example: a cousin of White's father lived in a house called Mittahab and had a wife called Ivy whom Patrick as a boy found terrifying. He thought she was a monster. Her maiden name was Voss. He kept the name in mind, revenging himself more than 30 years later (Voss was published in 1987) on the "Brunhilde who had left the Ring and joined the Salvation Army, taking with her, however, plenty of Wagnerian sex and hysteria."

White never had doubts

about his homosexuality, though his initial response was loathing and self-disgust. Beyond repugnance and pain, though, he grew to accept and take pride in his feminine sensibility and to attribute much of his insight as a writer to his understanding of the male-and-female nature conferred on him.

The dark side of this was the suspicion that he cut an incongruous figure, out of kilter and out of place. "Within him," writes Marr, "was a jumble of fragments shifting like glass in a kaleidoscope." Luckily, he could escape into his characters, could play at being a dancer, psychopath, painter, servant, nun, explorer, grazier,

whore and *soignée* woman of society." Not surprisingly, he formed the bleak conviction that character is largely a calculus of faults, deceit, pretence.

Thanks to Marr, we can see how Patrick White's great novels sprang forth, almost like flowing blood. Our debt is large.

PATRICK WHITE: A LIFE

by David Marr

Jonathan Cape £20, 727 pages



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TIME WITHIN TIME: THE DIARIES

by Andrey Tarkovsky

Seagull £25, 392 pages

would have a guide-rail to help them negotiate the giddy staircase of Tarkovsky's mind. This mind is incomparable.

Instead we stagger on in

semi-blind fascination from one A.T. reminiscence or reflection to the next, often leaping months at a time, with no editorial help to tell us what life or career developments came between. Why Tarkovsky went to Italy, what were his

troubles with the Soviet censors, how long his individual films fought for release: these points may be known to Tarkovsky scholars but not to the general reader. Properly enlightened, such readers

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This mind is incomparable. If the Tarkovsky films conveyed the notion of a hairshirt minimalist whose images were culled from some Gulag of the imagination (muddy earth, dripping trees, mist-watched fields), the Tarkovsky diaries were an exercise-ground for his sudden joys and his volatilities

of thought and insight. T.S. Eliot's characterisation of John Donne — that a thought to him was as immediate as a rose — is true of this artist. Incongruous subjects are jumbled together because to Tarkovsky they were never incongruous.

A wife's illness, a dream, a financial crisis; when a mind spins at a certain speed, the garments all become one colourful swirl. On one single day in August 1970 he writes:

"Andriuski [Tarkovsky's baby son] has gorged himself and is fast asleep. He's a clever boy, doesn't cry and so peaceful. The house in the country must be re-roofed; and repaired generally. Revealing Thomas Mann. He's a genius! Death in Venice is astounding! Despite

the ridiculous plot."

The diaries reveal the man

in other, more human ways.

They indicate the hothouse

conditions he required for his self-esteem. Whenever he reports a lecture he has given, Tarkovsky assiduously transcribes the panegyrics from the audience that follow. He lists all the film festival prizes he ever won. And the book contains no more bizarre leitmotif than his attempt to trace a published Ingmar Bergman film in which the Swedish director calls him the best contemporary director. With a whoop of triumph he finally discovers it in *Playboy*.

All this from a man whose

films suggested a chaste indifference to all judgments save God's. But while art and ideas may exist on a celestial level, the artist himself lives with censorship and funding problems, with the agony of trying to create pure thoughts under impure pressures. Sometimes determination can buckle.

Nigel Andrews

Tarkovsky shares his dreams

FEW MINDS could be more fascinating to explore than that of the Russian director of *Mirror*, *Stalker* and *The Sacrifice*, those bleak masterworks of modern cinema. Yet *Time Within Time* is a memorable book made maddening by its publishers. Here are 17 years of the late Andrei Tarkovsky's notebooks and diaries. Wonderful, you would suppose, to read the film-maker's daily thoughts on God, art, illness, Soviet tyranny, Dostoevsky, exile, love, children, cinema.

We have A.T. soliloquising about the mysteries of creation; sharing with us his struggle to make a film of *The Idiot*, hatching his ideas for *Stalker* and *Nostalgia*; telling us his dreams (like his films, rife with puddles, fogs and crumbling buildings); or pin-pointing with one casual anecdote the bureaucratic insanities of life under totalitarianism. "Yesterday I got drunk. And shaved off my moustache. I only realised this

morning. And on all my documents photographs I've got a moustache. I'll have to grow it again."

Wonderful to read all this in theory, if not in practice. The translator Kitty Hunter-Blair admits in her preface that these are edited highlights of the notebooks, representing "only a portion of all that the director wrote down." We would like to know more. What selection process was used? And given this degree of hands-on editing, why not take it further and give us an index or helpful footnotes?

Instead we stagger on in

semi-blind fascination from one A.T. reminiscence or reflection to the next, often leaping months at a time, with no editorial help to tell us what life or career developments came between. Why Tarkovsky went to Italy, what were his

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Urban swipe at post war junk

THE BIG buzz that comes from reading Patrick Wright's historical jaunt through the post-war junk landscape, particularly in London, is its "cool topicality." Not for him the battles of old false memory. This collective journalism has been woven into a strident broadside against the architectural and design miseries of the Thatcher decade. This book takes on the gauntlets of the 1980s while framing the on-going chaos in the London borough of Hackney.

Wright is the author of *Living in an Old Country*, a book that caused a bit of a stir in 1985 when it laid into the heritage industry, promoting some distemper among the conservationists, architectural historians and heritage workers

within the National Trust. This new urban swipe could be regarded as the sequel, focusing lucidly as it does on the less than saintly activities of business types, local politicians, critics and architects.

A JOURNEY THROUGH THE RUINS: THE LAST DAYS OF LONDON

by Patrick Wright

Radius £16.99, 294 pages

All the old and new favourites are here (Mercury phone booths, the Bow Quarter, Prince Charles), presented in such a knowing fashion that it is clear that Wright researches his material with an exactitude missing from other written debates.

A resident of Dalston Lane

in north-east London, he is more than keen to explain just why his backyard has become a stack of political and social rubble. The Dalston Lane he cites has become a government pilot programme, an admirable viewing point from which to watch the decline of the wider world. Not only are there confrontational politics that leave most citizens bewildered and, in the more tragic cases, homeless, there is the ageing stench of the American philosophy of business excellence that triumphed for some in the early 1980s, but doesn't come off so effortlessly in the British economic down-wave.

Wright is not, I believe, an inveterate pessimist. While his prose displays a kind of "well, here is the modern dilemma,

what are we going to do about it?" feel, there is a satirical and reform-like adjunct to each section. He is admiring of Prince Charles and expertly guides us through that architectural firework display that culminated in the "Vision of Britain" programme that had modernists wincing. Clearly the schism now divides the traditionalists from the modernists is not one that is going to heal in the 1990s.

Wright's work often appears dense, but it merely needs and deserves attentive reading. This is a formidable polemic that describes a realist's vision of a Britain under private affluence amid public squalor. The differences seem to be narrowing once more.

Matthew Bray

MARTYR ISSUES

Saint-making is expensive, and fraught with external and internal politicking. Final sanctification is often rushed through in time for a papal visit to the country, and unfavourable evidence against a hierarchy is often belittled or dismissed. It may even be suppressed, as are the cases of many "people's saints".

The formal canonisation of Archbishop Romero, for instance, would upset the rightwing regime he opposed — and in any case, to die for social justice is not yet a canonisable moral value. "Heroic virtue", the alternative to martyrdom, is apparently more fully exemplified by St Aleksandra, who, bed-ridden with a dubious paralysis, and claiming to sustain on Communism bread, was prone to writhing reenactments of the Passion

and visions of rubbing hearts with Jesus. And, although she instigated the murderous Inquisition, and expelled thousands of Jews from Spain,

MAKING SAINTS

by Kenneth L. Woodward

Chatto & Windus £18, 464 pages

Queen Isabella is a pending candidate for sainthood thanks to her exemplary piety.

Admittedly Maximilian Kolbe, the priest who opted to die in place of his fellow-inmate at Auschwitz, was canonised despite failing to be a "martyr for faith"; but the new category, "martyr for charity," proposed at Kolbe's beatification by Paul VI was never taken up by the present pope, who fudged the martyr issue at

Kolbe's canonisation. Admittedly, too, there is pressure to canonise Katherine Drexel, an American nun who died in 1955, having devoted herself to blacks and Native Indians, but, as Woodward points out, it is only because the Church in America was so implicated in the virtual apartheid that her endeavours shone out, and these certainly pale in the light of the civil rights movement which was just getting underway as she died. As usual Catholicism limps after the sure-footed, pioneering strides of humanism, and its saints set no precedents in virtue.

Although *Making Saints* is poorly structured, and its historical and theological data both thin and repetitious, the saints' biographies, and sporadic analysis, are fascinating. Woodward's subtle criticisms of canonisation practices could easily, and wisely, be repressed, as are the cases of many "people's saints".

Jane O'Grady

FAY WELDON'S voice is as unmistakable as her acerbic wit, the staccato rhythm of her prose, in these cautionary tales she sounds at times like the wise woman, at times like the she-devil. Dear reader, she seems to say, let me shock you a bit. Let me remind you, in case you believe you have control over your life, how it is for a widow with three young children, for a refugee from Broadmoor, for a successful "career" woman who suddenly finds herself pregnant. In *Moon Over Minneapolis* there are no certainties: the daughter of a radical feminist becomes an airline stewardess: no safe havens; a move from the wicked city to the calm of rural Somerset destroys a marriage.

Weldon is a prolific writer whose fluency is both her strength and her weakness. The best of these stories are amusing, original, compassionate; the worst, slick vignettes. Weldon may irritate us with her knowing voice, depress us with her cynicism (although the story about a Zimbabwean band shows what a sentimental heart she has) but she never bores us.

Stuart Dybek writes about the backwaters of Chicago where Czech bakers border Mexican restaurants, neighbourhoods once blighted by neglect and now destroyed by new roads and tower blocks. Like the Mexican fishermen who call Lake Michigan the sea, his characters are all "displaced persons, DPs who'd come from the corners of the earth evading politics and poverty". Their visions of the new world are tainted by terrors of the old. So many of the stories in *The Coast of Chicago* are filled with real nightmares: an old woman's dying wish for duck blood soup, a naked girl imprisoned in a block office.

Dybek is more interested in the turbulent inner life of these children and adolescents than in conventional character development. Their naivety and willingness to believe in the fears and superstitions of their elders make the tales both frightening and poignant. The teenage boy in "Hot Ice"

has "special windows all over the city. It was how he held the city together". In these poetic stories Dybek "collects windows"; he gives us scenes from the mind, glimpses of desperate lives framed by his bold writing.

In *Blood* Janet Galloway writes with such panache and originality that we almost excuse the excesses of some of her stories; in searching out the extremes she sometimes leaves her readers behind. The rhythm of her language even more than the words reveals the harshness of life in Scotland, the hypocrisy and the dread. Galloway writes about violation: a young girl sexually abused by her uncle, a mother and child sheltering from the curse of the local madman, a schoolgirl's mouth filling up with blood after the dentist nonchalantly yanks out a tooth. Her women are afraid to fight the men who oppress them for the threat of violence is always there — beneath the ramblings of an old drunk, the tenderness of an uncle, the coolness of a husband.

Galloway once considered a career as a singer; certainly it is the music of her prose we remember. She creates not characters but voices: the interior monologue of a child witnessing a woman's self-immolation, fragments of conversation between motorcyclists, duets in which an old woman answers the patricious Visitor with silence.

In Soviet Women Writing we hear a cacophony of voices from Moscow, the Ukraine, Estonia, Lithuania. There is little conventional background of her characters — educated, middle-class professionals — conceal greed, anger, lust, impurity. "Mother's

ARTS

Saleroom

Traumatic times

SO FAREWELL, 1988-91 saleroom season — you were not much to write home about, but you could have been a good deal worse.

As Sotheby's and Christie's prepare to pack up for their long summer break (Phillips, Christie's South Kensington and Bonhams keeping plug-

ging away during the dog days)

it is time to look back on the

most traumatic auction year

for a decade.

From a financial point of

view it was a disaster for Sotheby's and Christie's with their

London turnover down by at

least 50 per cent. But there

were also encouraging signs.

The speculative collector who

Sotheby's at least did so much

to encourage nursing a potential loss on his purchases, but the traditional connoisseur is still alive and kicking and keen to bid again now that price levels have fallen from over-taxed levels.

Post-1970 art, which accounts

for around 50 per cent of the

turnover of both Sotheby's and

Christie's, is still in the doldrums and shows no signs of

an early recovery (and classic cars, especially those of post-

1945 vintage, are a fraction of

their price of two years ago).

It is the collapse of these markets, plus weakness in British

pictures which depend on

some foreign and American

buyers, which have torpedoed

the turnover and profits of the

auction houses. Most other sectors have held up well during

the recession.

The story of the season can

be told simply by comparing a

few days in December and

June, when Sotheby's and

Christie's held their major

impressionist, modern and

contemporary art auctions, and

the sales in early July, when

the auction houses offered

an array of top quality traditional antiques was offered.

Antony Thorncroft looks back over the season and finds not all is doom and gloom

on-rate was being rejected and the sales were slimmed down. Sellers were being forced to accept reserves well under the low estimates. This realism was needed: an important Toulouse-Lautrec from the Chatelet Beatty collection, "La Toilette Madame Fabre", sold for £2m, but this was well below its £3.5m-£4.5m estimate. Eighteen months ago it may have been expected to make at least £5m.

But there were signs that connoisseurs were being tempted by the bargains on offer. An important early Degas painting of racehorses, showing the first touches of Impressionism, made £6.5m at Christie's, above estimate, and one new buyer, believed to be Wolfgang Flöti, an Austrian banker, bought heavily at both auctions, perhaps advised that prices would not fall any lower.

In the last two weeks in Lon-

don there has been little sign of the recession in the salerooms, and some of the prices paid have been breathtaking. Admittedly Christie's kept its estimates low to encourage bidding but the Coke Old Master drawings from Holkham Hall did exceptionally well, the £6 lots selling for £2.5m, double the estimate. English furniture also attracted furious bidding, with a pair of Regency giltwood console tables by Charles Tatham doubling forecast at £24,000.

Sotheby's picked up the mantle of the European works of art auction a tiny early 13th century bronze of a sleeping youth, 17½ inches high, from the property of the late Peter Wilson, the saleroom's dynamic chairman, made £200,000, double its estimate. Perhaps the best indication of a pick-up in business was the fact that dealers acquired 90 per cent of the lots in Sotheby's Old Masters sale, which totalled £1.5m, with a Guido Reni of the Madonna and Child with St John soaring past its £100,000 estimate to £253,000. Christie's ran into problems with the Italian Old Masters of Frederick Field, a Hollywood tycoon, but that was because they had only been acquired in recent years and were of minimal interest to the trade. Last Tuesday Christie's set a record for an English drawing when a Gainsborough of George Duchess of Devonshire, sold for £55,000 and the next day a Hogarth conversation piece sold well at £401,500 at Sotheby's.

A feature of the season has been the emergence of private buyers. British dealers, with unsold, over-valued stock, have had neither the inclination nor the money to buy. However continental dealers, especially the Italians (for furniture and Old Masters), plus the Spanish

enthusiasm about big flashy pictures with big price tags. Now the recession in Japan is at the top of scandals involving art investment there, with companies accused of inflating the value of art bought for tax reasons. It has hit the Japanese from the same, making prospects even bleaker for Impressionists and Moderns.

But if the salerooms were victims of their own hype over post-1970 art, and (as subsidiary branches like Scandinavian art, Russian art, and British schools like Newlyn and the Scottish Colourists have fared as badly as, or worse than, the Impressionists) they can take encouragement from the sustained demand for long-respected and collected antiques — for silver and furniture, for Old Master drawings and paintings, for English watercolours, for maiolica.

In the last two weeks in London the German have done their best to keep London in business. The strength of private buying was most noticeable at Phillips. Chairman Christopher Weston reports that whereas a decade ago 70 per cent of lots went to the trade and the rest privately, now the proportions have switched.

Obviously the art market,

especially in sectors dependent on British and American buyers, reflects the state of

national economies, even down to redundancies. Christie's slimmed 10 per cent of its staff during the season, and although Sotheby's is currently down only 5 per cent, more will go when it closes its Billingshurst operation next year and opens its new, mid-priced antiques auction house in the London suburbs.

Only when people feel richer will demand pick up. London's reputation as the dominant European art market enabled it

to avoid the worst of the recession. The last equally bad season for the auction houses was 1980-81. If there is another downturn in 2000-01 London will not escape so lightly. By then Sotheby's and Christie's will be selling French antiques through Paris; German in Berlin, etc. This is starting to happen, with Sotheby's holding sales in Berlin and Milan this season. Despite the profit fall the drive into the continent was maintained.

A SENSE of place, real or imagined, has informed so much of John Casken's music in the last decade. "My approach to writing for solo instrument and orchestra is that of setting an individual figure in a particular place or landscape", he writes, and the landscape surrounding his new Cello Concerto, written for Heinrich Schiff and the Northern Sinfonia who gave the first British performance in Lichfield Cathedral on Thursday, proves to be a rapt, evocative one. It is defined in a poem by the composer — "Leaves of farewell wrapped in song" — which is unfolded line by line with the music and heads each section of the score.

Casken's music seems to gain steadily in its scope and in the precision of its expressive effects. The new Concerto is elegantly proportioned and seamlessly constructed; the five sections, one corresponding to each line of its poem, are grouped into two movements, and prefaced by a short introduction that uncovers the thematic germs. Each section then begins with one of those phrases, the cello "singing" a line of the text to it before leading the orchestra into further discussions. It is an eloquent idea, given further coherence by nostalgic backward glances in the closing sections when earlier motifs are recalled.

The concerto was designed to be performed without a conductor; the cellist sits at the centre of the orchestra, the players facing inwards towards him, taking what cues they can. The sense of colloquy, of ideas passing back and forth is exact, yet the music still manages to be virtuosic in an unflamboyant way, with vivid cello writing and sharp-edged rhythmic patterns, especially in the opening section of the second movement.

As cathedrals go Lichfield has a more manageable acoustic than most, but details of Casken's scoring, especially inner parts were still hard to disentangle. Listeners to the Radio 3 relay may well have appreciated more of Casken's dovetailing of instrumental voices, especially in the slow final section, which strikes off from the line "through silver air", where the cello line is intertwined with divided strings and furling woodwind. But the massive assurance of Schiff's performance and the collective concentration of the Northern Sinfonia's playing were mistakeable; they are scheduled to bring the concerto to London in October.

This year's Lichfield Festival is serving British composers well; apart from the Casken premiere it has installed

Robert Saxton as composer-in-residence, and offered a compact survey of his music that serves as a useful primer for the first performance of his opera *Coriolanus* at the Huddersfield Festival in November. The Northern Sinfonia's programme included Saxton's *Music to Celebrate the Resurrection of Christ*, written in 1988 for an Easter television programme.

As a concert piece this accompaniment to a film scene works well, plotting a sure trajectory from its dark, explosive beginning to radiant exuberant climax; the journey, rather than the musical events along the way seems to be what is most important.

Stravinsky, by himself

THIS IS a treasure-trove: musically inexhaustible, wonderfully various, and historically unique — at least until another great composer comes along who can conduct, and is lucky enough to find a record company eager to present his or her oeuvre on disc, or whatever the next medium may be.

"Unique" is meant quite seriously. Neither Bartók nor Shostakovich was so lucky, let alone any of the "Second Viennese School" trio. Debussy and Ravel lived too early. Among more recent major composers only Britten and Messiaen, I think, have managed to have a direct hand in many recorded performances of their music and nobody would claim for either of them a range or influence comparable to Stravinsky's. Among very recent composers only Boulez and Stockhausen have come close — and the jury is still out on them, not to mention Maxwell Davies and Birtwistle.

This CD collection comprises nearly everything Stravinsky wrote (only a few tiny pieces are omitted), at least in some version (the "easy" piano pieces and duets are represented only in their later orchestral guises), and nearly always by performances in which the composer was closely involved. Most were American CBS recordings made in the 1950s. When Stravinsky was too frail to conduct, his creative amanuensis Robert Craft stood in for him. A decade ago they were compiled in a grand LP edition; Sony's new CD assemblage has been re-engineered with devoted expertise by John McClure, the producer of most of those performances. Anyone who has lived with some of the LPs all these years will discover freshly illuminated details.

That collection has expanded

now to take in excellent CBS performances of other works

(Charles Rosen in the Sonata

(for piano, for example), and a few "historical" recordings

which feature Stravinsky him-

self as pianist: the 1924 Sere-

nade in A, the "Piano-Rag

Music", the Duo Concertante

with Szegedi and above all the

splendid two-piano Concerto

with his son Soulima. It was

quite right, too, to fill part of

one disc with eavesdropping on

Stravinsky's life — his orches-

tral and the self-conscious

and the self-consciously

engaging self-portrait, "trying

to be generous" by Alexander Macdonald.

But I do have one or two

caveats to enter of a general

sort. It worries me that the

show this year should have

been pared down so low as 34

from an initial submission of

606. There comes a point when

the odds against selection,

from being a challenge, become

an active discouragement. It is

noticeable too that the Award's

constituency seems to be grow-

ing ever more specialised,

when its original intention and

early success was to throw

open the discipline of portraiture

to artists of all kinds.

So she continued until her retirement in 1976. By the time of her death in 1976, however, she was all but forgotten. Quite why this should have happened is unclear, but not unusual. The influence, absorbed in a general way, of such photographers as Steiglitz and Baron de Meyer may be seen in her earlier work, yet she never truly cultivated her conscious aestheticism. Like so many photographers of her period, she occasionally indulged herself instead in mere artiness, experimenting

with hand-tinting on the one hand and with studies of the nude on the other, these last technically brilliant yet limited by a sensibility that would give them such titles as "hauteur" or "poise". She would turn her hand occasionally to fashion or commercial work, but not consistently, although that was in those fields that so many of the serious photographic reputations were made.

But this is not to dismiss her, for her qualities are real enough. This exhibition, with its technical pendant in the basement on her studio practice, suggests well enough where they lie. And we can well imagine the brisk practicality of it all, the unfussy lighting, the simple conventional pose, long ago worked out and tested, elbows on the wooden block, arms folded, hands to head, now this Wilding style.

One thought the play both exciting

and moving — the dictatorial

announcements at the airport as truth as the family do not run from their duty. So though Miguel makes it to the airport, could even have caught a plane to Port Harcourt, he drives back to his home. His mother assures him that if the gods of the nearby island have sent him, he will be able to go, perhaps to friends in Fernando Po. But the waters are overcome by a growth of a wild hyacinth that can prevent access to the island, or perhaps anywhere else.

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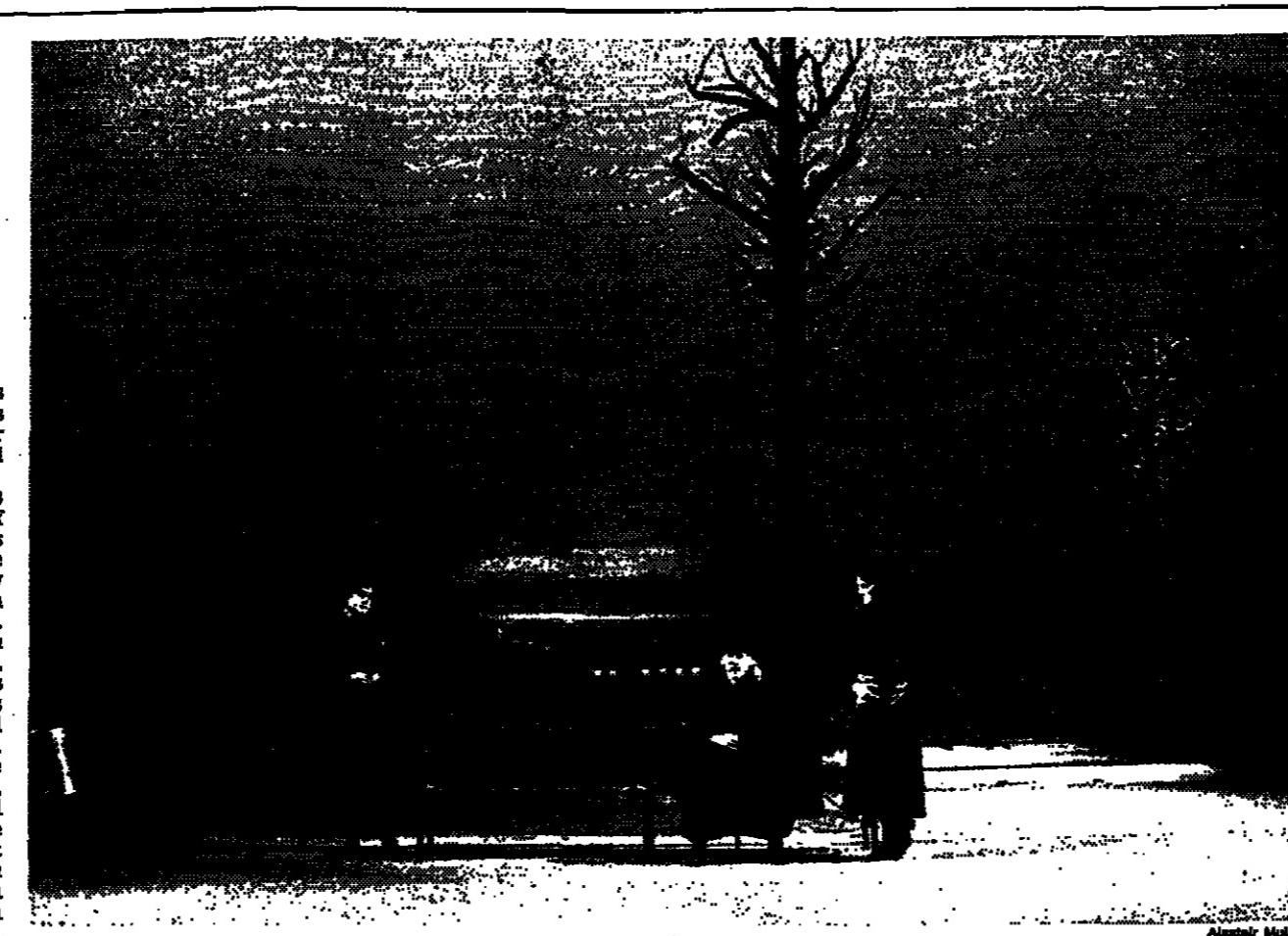
New life for classic drama

Jackie Wullschlager visits the World Theatre Festival in Essen

SUMMER IS icumen in sun-drenched cities across Europe are hosting international theatre festivals before Edinburgh, we have lit at home, Avignon in the south, and now the northern challenge from Germany's Festival of World Theatre (to July 14).

This is a roving biennial festival which each time takes on something of the character of its venue as well as dazzling with international life. In its sixth incarnation, the festival penetrates deep into the former steel town of Essen, both literally - shown in a disused colliery and in the Villa Hugo, where the steel family Krupp used to entertain kings and kaisers - and as agent of cultural renewal. With the accent on innovative theatre forms, there is dancing in the streets, cabaret in an all-night tent, open-air American political satire in *Bread and Puppet*, with home-baked bread to take away as a souvenir.

But the shockers in Essen are not the new plays but the classics, the Aeschylus and Schiller and Shakespeare which have been culturally uprooted to be set down again as slick, finely honed international products offering a new way into the heart of age-old drama. Last night, Daisan Erotica opened with *A Man named Macbeth* transported to the Japanese mafia in a space age setting. From Brazil, Denise Stocklos casts herself in a one-woman remake of *Moby-Dick*. Never changing costume, Ms Stocklos ranges out concise and controlled Elizabethan, then breaks into throaty emotional Mary tangos to Latin, punky and seductive in



Scene from 'Heldenplatz' by Thomas Bernhard: Claus Peymann's wonderful set recalls the Vienna of 'The Third Man'

a performance which is as astute as it is comic: 400 years on, the structures of power between oppressor and oppressed are the same.

Star of the re-workings is Ariane Mnouchkine's trilogy of Euripides and Aeschylus, *Les Atrois*, a transformation of the oldest theatre we know through African and Asia dance, music and acting styles. Like Daisan Erotica in Japan and Stocklos in Brazil, Mnouchkine's masterpiece is to accept her audience's remoteness from the original drama and work up from that. But rather than bathe for the contemporary parallel, Mnouchkine uses multicultural strangeness to emphasise the distance: a mixed race cast headed by an Indian Electra (Nirupama Nitayandan) and a Spanish Clytemnestra (Juliana Carneiro da Cunha) dances, chants and whirls across the legends of Iphigenia, Agamemnon and the Chophoreo while a band of violins and flutes, tabla, sitars and Indian drums beat out a fatalistic accompaniment to the chorus of 'C'est decide'.

On boards, the only set is a rampart which the chorus sithers up and down, hanging over the parapets like cats, pouncing on to the stage, on one another, somersaulting in whoops of vengeance, shrivelling into balls of misery. Mnouchkine's Théâtre du Soleil always turns drama to carnival; here her troupe have whitened faces, eyes charcoaled out to the sides of their cheeks, heads painted red, bodies robes in black and crimson re-telling. Her German tour continues at the Berliner Festwochen in September.

At the other extreme defini-

tion of world theatre, the Vienna Burgtheater's foreplay *Hommage to Thomas Bernhard* works through precisely Viennese settings to make accessible and humorous Austria's monster of modernist pessimism.

I caught Bernhard's last play, *Heldenplatz*, in the production which outraged Vienna just months before he died in 1989. A family drama, the plot is over before it begins: instead of emigrating to Oxford, Professor Schuster has jumped from his third-floor apartment on to the Heldenplatz. The play is a post-mortem between his family and servants: a perfect sounding off board for Bernhard's dissection of Austrian politics and more.

Claus Peymann's set,

applauded on sight, is everyone's image of *gemütlichkeit* but stifling Vienna: the tall, narrow apartment with its mahogany panels, then the Volksgarten - a tree-lined avenue at dusk, a single gaslight casting shadows on the icy lawn while figures in mourning stroll up and down. Both scenes recall the Vienna of *The Third Man*, and Bernhard's theme too is the corruption behind the smooth-running show. The regurgitated lines of the dead professor - "worse than 1938", "a town of Catholic Nazis", "I'm against almost everything but I refuse to protest against anything" - mark him as a typical Bernhard visionary, a mad anarchist who sees the truth while kills him in the novels, Bernhard's

neutral tone can fall like lead, but Peymann's attention to the simple staccato prose poetry opens a wealth of character observation and wry emotion. Anneliese Rothen's Frau Zittel, for example, on stage alone for 100 minutes with nothing to do but iron her dead master's 22 unworn suits, manages to move, alarm and amuse with a bravura display of close-up detail: voice jolting-screaming-wounded, gait steady-clumsy-hurried, expression staring-scorning-careless. Peymann fills out every character with the same obsessive exactitude and intense concentration which fixes the mood of a whole city and people. At times the very theatre seems suffocating nihilism pinned down to a tangible reality.

Irish sounds

ALL TOO rarely the McGarrigle sisters, Kate and Anna, stop being miserable in their native Montreal and bring their plaintive little songs to the UK. They flew over for a brief exposure on Wednesday in the season of Irish music that the Chieftains have orchestrated in London this week.

There was nothing incongruous about their appearance on the bill at the Royal Festival Hall. The Chieftains are a weird enough band in themselves, their leader, the pixie Paddy Moloney playing the pipes, whistle and the leprechaun to his fellow musicians, who dress like Dublin solicitors of the old school while behaving like harmless lunatics, as they belt out reels and laments and old film scores.

As for the other guests, Moloney had invited a young Dutch flautist who had dressed for a 1950s Hunt Ball; a high kicking Irish dancer from Long Island; and a mix from the Aer Lingus band. And just when you thought things could not get odder Sir Malcolm Arnold appeared on piano for the finale.

If this was all too exciting the McGarrigles can be guaranteed to calm you down. Their perky songs, like "Kiss and say

Antony Thorncroft

Hands down Seagull

THE ROYAL Shakespeare Company's production of *The Seagull* at the Barbican is so bad that one wonders why the cast did not call it off in the middle. It was being said at the interval on the first night that something had gone wrong between Stratford, where it was launched to some acclaim last autumn, and London. The excuse was that it turned out not to fit the larger Barbican stage. Yet that surely is not enough. Someone must have foreseen that the production was heading for disaster during rehearsals. It might at best have been adapted to the greater space.

It might also have been speeded up. The best thing to do now, if the run is to continue, would be to play it on tape and let the cast and the director, Terry Hands, listen to how tedious it is. The pauses are even longer than those of Harold Pinter at his worst, and without the jokes. The second half is even slower than the first.

I must confess that I never thought much of *The Seagull* in the first place.

Nothing much happens, nobody says

anything of interest and all one does is wait for the inevitable suicide, by which time the play is over. Yet if you want to make something of it, you must play it partly as a comedy. The RSC's production is melodrama at a funeral pace.

Terry Hands and his cast commit an elementary error. A play about boredom, which is what *The Seagull* essentially is, must not be allowed to bore the audience. The word "boredom" and variants on it are repeated almost as often as the word "bonking" in the production of *Sex Please*,



Susan Fleetwood as Madame Arkadina

We're *Italian!* at the Young Vic. The production is designed to ram it home.

The set is boring: a few spindly trees, then a sort of conservatory in the second half which serves no purpose whatsoever except perhaps to fill up the stage. You

might at least expect to see something through it - a glimpse of the suicide or just anything interesting in the background - but you don't. The costumes are boring: practically all beige and fawn throughout. The only moment of variety comes when Arkadina puts on some decent kit as she is preparing to return to town. It does not last.

The acting is frankly awful: many of the lines are difficult to hear, which may be the result of the move to the larger floor space. But you would expect that at some stage someone would have cried halt.

There is a line in the text about the theatre in general not getting any better,

but the average actor becoming more competent. Surely some member of the cast must have noticed the irony: the second part of that statement is totally untrue of this production. All of which is a great pity because, apart from this monumental lapse, the RSC is enjoying an excellent Barbican season mostly with the players who here so fall from grace.

Malcolm Rutherford

the characters would not go on about it - and the more autumnal, even wintry mood later on. But you do not find it here. It looks more as if the RSC is trying to cut down on the electricity bill.

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Enfant terrible to Establishment

and the wonderfully beautiful Rhapsody (1921), in which the melodic tailoring always shows its "English" cut. The songs given on Thursday with ravishing delicacy by Joan Rodgers - prove the point: in *The Ballads of the Four Seasons* and *The Women of Youth* (both 1923) there is a crystalline clarity in the instrumental settings and a touch of nostalgic lyricism in the singing lines. The mixture is ideally un-French, un-Chinese, and entirely fresh and bonhomie; but he was never a modernist, and never (I don't believe) a powerfully original musical voice.

In the last decade the Nash have made Bliss in this vein completely their own. They also offered the 1920 quintet subtitled *Conversations*, a good

humoured chamber piece with a dramatic "programme" (in each movement there is a different instrumental imitation of speaking voices), and the 1927 Oboe Quintet, which tends to ramble euphoniously.

Another valuable function of the series has been to remind us not only of the character and quality of Bliss's early music, but to recall how much effort he expended on that of others. This point was made by performances of the contemporary Stravinsky, Ravel, Busoni and most vigorously in Thursday's marvellous concert rendition of Gustav Holst's chamber opera *Savitri* (Bliss conducted its first public performances, in 1921). The fact that it is a star, more startlingly innovative piece than anything Bliss himself ever wrote only underlines his generosity in programming it.

Max Loppert

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In 1901 there are, of course, other musical centenaries than only Mozart's - the big one - or Prokofiev's. Arthur Bliss's, for instance: Master of the Queen's Music from 1953 until his death 18 years ago, he was born in August 1891. Though he is not being widely remembered (in the opening weekend of the Proms there is the 1938 Piano Concerto), a series of three Nash Ensemble concerts on South Bank - two this past week, the third tomorrow evening - have been devised to recall him with both affection and purpose.

Bliss began his creative life as (in the words of the *New Grove*) "enfant terrible" of English music" and ended it as figurehead of the musical Establishment. (Maybe it is for this reason that his final reputation has yet to "settle") inevitably, the Nash series focused on the earlier Bliss, inventor of such varied and delightful voice-and-chamber ensemble combinations as the "witchery song" *Madame Mox* (1918), the nonsense-syllabic *Rouz* (1923),

Chess No 881:
White wins by 1 f6 gxf 2 Kg2 Kg5 3 a4 bxa3 4 bxa3
Kb5 5 a4 Ke5 6 d6 cxd 7 c6
dxe 8 a5 and White's last pawn queens (a study by Ironsby).

Victor Horvath presents in association with BBC
Chess No 881:
White wins by 1 f6 gxf 2 Kg2 Kg5 3 a4 bxa3
Cxd 4 a5 Kc5 5 d6 cxd 6 a6
Kb5 7 a7 Kc5 8 a8 Kd5 9 a9 Kd6 10 a10 Kd7 11 a11 Kd8 12 a12 Kd9 13 a13 Kd10 14 a14 Kd11 15 a15 Kd12 16 a16 Kd13 17 a17 Kd14 18 a18 Kd15 19 a19 Kd16 20 a20 Kd17 21 a21 Kd18 22 a22 Kd19 23 a23 Kd20 24 a24 Kd21 25 a25 Kd22 26 a26 Kd23 27 a27 Kd24 28 a28 Kd25 29 a29 Kd26 30 a30 Kd27 31 a31 Kd28 32 a32 Kd29 33 a33 Kd30 34 a34 Kd31 35 a35 Kd32 36 a36 Kd33 37 a37 Kd34 38 a38 Kd35 39 a39 Kd36 40 a40 Kd37 41 a41 Kd38 42 a42 Kd39 43 a43 Kd40 44 a44 Kd41 45 a45 Kd42 46 a46 Kd43 47 a47 Kd44 48 a48 Kd45 49 a49 Kd46 50 a50 Kd47 51 a51 Kd48 52 a52 Kd49 53 a53 Kd50 54 a54 Kd51 55 a55 Kd52 56 a56 Kd53 57 a57 Kd54 58 a58 Kd55 59 a59 Kd56 60 a60 Kd57 61 a61 Kd58 62 a62 Kd59 63 a63 Kd60 64 a64 Kd61 65 a65 Kd62 66 a66 Kd63 67 a67 Kd64 68 a68 Kd65 69 a69 Kd66 70 a70 Kd67 71 a71 Kd68 72 a72 Kd69 73 a73 Kd70 74 a74 Kd71 75 a75 Kd72 76 a76 Kd73 77 a77 Kd74 78 a78 Kd75 79 a79 Kd76 80 a80 Kd77 81 a81 Kd78 82 a82 Kd79 83 a83 Kd80 84 a84 Kd81 85 a85 Kd82 86 a86 Kd83 87 a87 Kd84 88 a88 Kd85 89 a89 Kd86 90 a90 Kd87 91 a91 Kd88 92 a92 Kd89 93 a93 Kd90 94 a94 Kd91 95 a95 Kd92 96 a96 Kd93 97 a97 Kd94 98 a98 Kd95 99 a99 Kd96 100 a100 Kd97 101 a101 Kd98 102 a102 Kd99 103 a103 Kd100 104 a104 Kd101 105 a105 Kd102 106 a106 Kd103 107 a107 Kd104 108 a108 Kd105 109 a109 Kd106 110 a110 Kd107 111 a111 Kd108 112 a112 Kd109 113 a113 Kd110 114 a114 Kd111 115 a115 Kd112 116 a116 Kd113 117 a117 Kd114 118 a118 Kd115 119 a119 Kd116 120 a120 Kd117 121 a121 Kd118 122 a122 Kd119 123 a123 Kd120 124 a124 Kd121 125 a125 Kd122 126 a126 Kd123 127 a127 Kd124 128 a128 Kd125 129 a129 Kd126 130 a130 Kd127 131 a131 Kd128 132 a132 Kd129 133 a133 Kd130 134 a134 Kd131 135 a135 Kd132 136 a136 Kd133 137 a137 Kd134 138 a138 Kd135 139 a139 Kd136 140 a140 Kd137 141 a141 Kd138 142 a142 Kd139 143 a143 Kd140 144 a144 Kd141 145 a145 Kd142 146 a146 Kd143 147 a147 Kd144 148 a148 Kd145 149 a149 Kd146 150 a150 Kd147 151 a151 Kd148 152 a152 Kd149 153 a153 Kd150 154 a154 Kd151 155 a155 Kd152 156 a156 Kd153 157 a157 Kd154 158 a158 Kd155 159 a159 Kd156 160 a160 Kd157 161 a161 Kd158 162 a162 Kd159 163 a163 Kd160 164 a164 Kd161 165 a165 Kd162 166 a166 Kd163 167 a167 Kd164 168 a168 Kd165 169 a169 Kd166 170 a170 Kd167 171 a171 Kd168 172 a172 Kd169 173 a173 Kd170 174 a174 Kd171 175 a175 Kd172 176 a176 Kd173 177 a177 Kd174 178 a178 Kd175 179 a179 Kd176 180 a180 Kd177 181 a181 Kd178 182 a182 Kd179 183 a183 Kd180 184 a184 Kd181 185 a185 Kd182 186 a186 Kd183 187 a187 Kd184 188 a188 Kd185 189 a189 Kd186 190 a190 Kd187 191 a191 Kd188 192 a192 Kd189 193 a193 Kd190 194 a194 Kd191 195 a195 Kd192 196 a196 Kd193 197 a197 Kd194 198 a198 Kd195 199 a199 Kd196 200 a200 Kd197 201 a201 Kd198 202 a202 Kd199 203 a203 Kd200 204 a204 Kd201 205 a205 Kd202 206 a206 Kd203 207 a207 Kd204 208 a208 Kd205 209 a209 Kd206 210 a210 Kd207 211 a211 Kd208 212 a212 Kd209 213 a213 Kd210 214 a214 Kd211 215 a215 Kd212 216

Cotic
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by an informative if re-
bland essay. Then the
talk and the questions
Ja-mani: "I'm the last
she's gone the house.
the least." I've asked the
think which is fairer
Ken Loach. You need
Alan Parker. The
years, the whole
Golden Age of British
is dying."

Before British film
snapped in two by
Europe, here is a
time capsule of what
we might even find

"YOU'LL NEVER
LUNCH IN THIS
AGAIN"
by Julia Phillips
Hemmens 11/59, 45

TAKE 10
by Jonathan Ross
and David Price
Oxford 11/59, 42

BRANDO
by Richard Schaeffer
Padova 11/59, 32

MAE WEST: END
OF SEX
by Maurice Levy
Hyperion 11/59, 48

ness in its former
tivity seven square
the cinema. Do we
need to be guided in
our pages to let us
Jean-Luc Godard's
the French director
as an "extraordinary
attractive director".

I would have been
However, to Richard Schaeffer
and Marieke de
West Express: "There
ever so much
Schoeller. One moment
crisis, begins with
are starving yet Europe's food
mountains continue to grow. John
Craven reports on how these sur-
pluses may have contributed to
the world's hunger."

2.55 Weather for Farmers.
3.00 News: The Curious Cat. Four
new cat were studied for more
than a year.

3.00 EastEnders.
3.00 Dallas. Postponed from July 7.

3.45 Film: Young Maverick. Ben Mar-
wick's life as a gambler is depicted
by an old poker player. Western starring Charles Frank (1961).

5.10 Safari UK: The Living Isles.
Julian Pettifer explains that, on
the way to the tropics, he found
on the cold northern Isles, the Ica-
Age has never really ended.

5.50 MasterChef. The three finalists
dust up their winning recipes as
they compete for the title of Mas-
terChef of Great Britain 1991.

Chef Albert Roux and Habitat cre-
ator Sir Terence Conran join
Lord Grossman to choose the
best amateur cook.

6.25 Butterflies. and More.
6.40 The Traveller's Travels. Alan fol-
lows the ancient pilgrims' route
through South Wales to St
David's Cathedral.

7.15 Butterflies.
7.45 Around the World in 80 Days.
Michael Palin follows in the foot-
steps of Jules Verne's fictional
hero, Phileas Fogg.

8.30 Film: Three Amigos. Comedy
starring Chevy Chase and Chevy
Chase (1986).

10.15 News and Weather.
10.30 Heart of the Matter. Should
baptism be for believers or
babies?

11.00 The Days and Nights of Molly
Dodd. Postponed from July 7.

11.30 Making Their Mark. Roy Marsden
works with a variety of media,
combining rubbings, paint spray
and ink to create his images.

12.40 Weather.
12.45 Close.

Nigel Andrews

Theatre Guide
by Nigel Andrews

1.00 News.
1.18 Any Questions?
2.00 Any Answered?

7.00 Morning Concert.
8.00 News.

8.35 News and Schubert.
8.35 Musician at Large.
8.35 Science Now.

9.30 Saturday Review.
10.35 MW only until

12.30 BBC Radio 2.
12.30 Weather.
1.00 News.

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8.35 News and Schubert.

8.35 Musician at Large.

8.35 Science Now.

9.30 Saturday Review.

10.35 MW only until

12.30 BBC Radio 2.
12.30 Weather.
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Take him seriously? He could be joking

Nigel Andrew asks Woody Allen why he is using his famous comic persona less in his films

"IT'S JUST pure instinct" says Woody Allen, challenged to explain how a comedian creates comedy. "It's like an ear for music or a talent to draw."

"I can't imagine not being able to write jokes. I used to go in and write 50 gags a day when I was 16 years old and working for a press agent in New York. Every day, 50 gags after school: hand them in, then go home. I have no idea why I can do it. It's just a talent, a lucky talent."

Woody Allen is the most famous screen comedian since Charlie Chaplin. Like Chaplin, his face and appearance are so distinctive that you could sketch them on an envelope and they would be recognised from Bali to Birmingham. Like Chaplin, he writes, directs and controls his own movies. And like Chaplin his work has darkened as he has grown older.

For 15 years, from his first album to the film *Annie Hall*, Allen was the king of comedy. He made us laugh not just because he told jokes but because he invented a quintessential 20th century persona. He was the Hopeless Loser: the malfunctioner in a world of sexual liberation and social one-upmanship, of machines and psycho-analysts, health fads and bureaucracy.

Audiences identified with this human gaffy with the black-rimmed spectacles, insect-whine voice and shoulders made for passionate shrugs. When he made cracks like "I don't want to be immortal through my work, I want to be immortal by not dying," they laughed the laughter of psychical recognition.

I went to meet Allen and learn why we are seeing more of his dark side; to discover what has made the director of *Bananas*, *Annie Hall* and *Manhattan* make grim-faced films, out of Ingmar Bergman by Anton Chekhov, such as *September* and *Another Woman*. And why he is retreating behind the cameras instead of delighting us in front of them.

He was shooting a film in a 57th Street penthouse. I found him on the pavement but failed at first to recognise him. The world's highest-profile humorist was wearing a floppy-sun-hat that shaded unexpected features of a dazzling pallor. If you need proof of Allen's legendary reclusiveness, only look at the complexion; it seems to have been withheld from the sun for about 50 years.

Was he shooting his new film *Shadows And Fog*? No, I've finished that, he said in the lift. "Today I'm doing a commercial for Italian TV." So where do we see *Shadows And Fog*? "It's coming out in the Fall over here. In Britain, I think, next year."

"It's an offbeat comedy," he's

"As long ago as Annie Hall, people were saying, 'Why isn't he still making Bananas?'"

specific technical skills. Tragedy is ultimately more satisfying — comedy's not as profound a confrontation experience."

The Woody Allen persona — sun-hat, doffed and black-rimmed glasses donned — takes shape before me like a celebrity photo-fit. This is the Allen the world knows. Or does it? With *Shadows And Fog* completed and its predecessor *About* — a whimsical comedy about a rich Manhattanite (Mia Farrow) breaking loose which is due to reach Britain next week — Allen has notched up 20 feature films. But as the total has risen, his appearances have become less frequent.

"Perhaps it's best people don't get so much of me," he says. "If I'm in every film, there's a risk of satiation. And for me as a film-maker, it's



important to evolve and change. It's a big trap when people approve of what you do and pleasureably anticipate the next thing. It becomes a tacit contract. As long ago as *Annie Hall*, people were saying, 'Why isn't he still making *Bananas*?' But if you simply aim to please the public, to give them what they enjoyed the last time round, You stagnate."

Allen maintains a unique relationship with Orion Pictures. He is free to write his own scripts and choose his own casts; he has right of final

"They [Orion] don't bother me. They have a relationship of trust. They know I'm not going to make a crazy or pornographic film. And they know my pictures are not exploitative."

But they surely had a seizure when Allen made his most famous recent decision: to re-cast and re-shoot the whole of his grim Chekhovian drama *September*. "I'd do it a third time if I could! The logistics were manageable because it was all on one set. I couldn't have done it with a film like *Another Woman* or *Annie*."

"But I did re-shoot the section I started in of *Crimes And Misdemeanors* [his two-stories-in-one film] which is 50 per cent of the movie. I wasn't happy with it. It wasn't sharp enough or funny enough. So I completely re-wrote it and brought in the Alan Alda character, who was brand-new at that point."

Creating comedy can clearly be agonising. "There are no magic moments. From day one, when the truck with fresh承诺 backs up rare Allen chuckle, your high hopes go out the window! The only satis-

fying moment is when the idea for a film first hits you and you have that wonderful first flush of excitement. You think, 'Oh this is going to be so great, it's going to be one of the greatest films ever made.'

"And then reality encroaches. By the time you're in the editing room, you're struggling to survive. It's always 'This subtle idea won't work, but let's get something together so the audience gets some pleasure.' Finally, when the film comes out, it's been like a chef labouring over a meal for endless hours, and you look at it and you never want to taste or touch it!"

"Consequently, once I put the film out in the theatre I never go back to it again. I've never seen any of my films after they have come out."

Allen's bleak vision of artistic perfection matches the pessimistic gaze he casts on the world's imperfections. If we miss Allen's comic touch in his serious films, perhaps we undervalue the serious touch in his comic films. He spent most of *Hannah And Her Sisters* searching for God. He had a mid-life crisis in *Stardust Memories*. And mention *Zelig*, his spool documentary about a "chameleon man" who rubs up against Hitler and other bigwigs, and Allen pounces.

"It was about a guy who had a compulsion to be like other people. The basic idea was that the desire to conform leads to Fascism."

As with Chaplin, who first sloughed his tramp costume to play Hitler, tyranny is a favourite target. Like many American comics, Allen is Jewish. Jewish jokes abound in his films and references to the

Führer are as legion as in the work of his rival Mel Brooks.

But more immediate world evils may be less easily laughed off. Though comedy has traditionally poked fun at authority figures, what happens when the authority figures seem ever plumper or more compromised? Or when, as in *Crimes And Misdemeanors*, bad works flourish while the "eyes of God" cloud over or close completely?

"One of the themes of the film I've just finished is this

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But more immediate world evils may be less easily laughed off. Though comedy has traditionally poked fun at authority figures, what happens when the authority figures seem ever plumper or more compromised? Or when, as in *Crimes And Misdemeanors*, bad works flourish while the "eyes of God" cloud over or close completely?

No one in this century has raised complaining to a higher art or questioning bewilderment to a wittier one. In a world where the phrase "our betters" has been largely discredited perhaps the true voice of authority is not the one which pretends to give answers but the one which goes on asking awkward, querulous, passionate questions.

notion of evil. And I notice that 'Evil' is the current cover of Time magazine. It's a reflection of the world we live in: the fact that there is so little justice and that in our society, at every level right up to the White House, what you can 'get away with' is what is allowed.

"People know that Bush was lying in his Presidential campaign. I used to think that when people elected Nixon, it wasn't that they didn't see he was lying. It was that they knew he was lying, but something resonated positively in them about him. They voted for him because he personified their own values of acquisition, of meanness. Every boy I knew back in the Fifties, when Nixon ran for vice-president with Eisenhower, knew the man reeked of sleaze. And we were kids; you didn't have to be a political pundit."

Perhats at the heart of Allen's darkening vision, it is the world's failure to find convincing authority figures, spiritual or temporal.

"My generation grew up with no real religious beliefs and our leaders have not been good moral examples. So each individual makes his own choice as to how to live. You can decide to lead an honest, morally responsible life. Or you can go the other way and side with evil. As I said in *Crimes And Misdemeanors*, if Hitler had won the war we'd have totally different textbook views of history and morality. Our views are defined by those powerful enough to shape the world and write its history."

The man on the sofa with me is turning into Savonarola by the minute. But the fascinating thing about Allen's voice when roused to anger or passion is that it is recognisably the same as when roused to humour: that Brooklyn-born sing-song rich with indignation and incomprehension. I hear echoes of Allen in *Annie Hall* delivering his anti-West Coast diatribe ("The only cultural advantage in Los Angeles is that you can turn right at a red light"), or in *Crimes And Misdemeanors* recalling the day his wife stopped having sex with him. ("It was April 20th. I remember because it was Hitler's birthday").

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The wages of greed

Dominic Lawson

SOMEHOW I find it very difficult to feel sorry for the councils which have lost \$100m in the collapse of the Bank of Credit International. But then I also feel few pang of sympathy for those who had been diminished, if not decimated, by the activities of some of his younger colleagues. Tears did not spring to his eyes.

"I have always said to my names, 'Come to Lloyd's and see where your money is going, the risks I am putting your name and your money in.' But hardly any of them bothered. They seemed to think it was some coupon-clipping exercise. Now they are complaining that they didn't know what Lloyd's was doing with their money, but they didn't show any interest when it was actually being put at risk."

I should add that a close relative of mine has suffered greatly as a result of the debacle in the London insurance market. I feel a great anger against those who have lost her money, but I do not believe that their victims should be reimbursed by taxpayers, the overwhelming majority of whom will never accumulate enough capital to be Lloyd's names themselves.

If I am being completely honest, I must admit that there is, in my ungenerous reaction, an element of self-righteousness. I have always been absurdly cautious with money, to the extent that I have turned down every interesting opportunity for investment that has ever been offered to me. When I have inherited equities, I have generally turned them into steady, fixed-interest accounts, with a maturing bank or building society, keeping the bluest of blue chip shares.

In other words, while I am not particularly interested in making a lot of my money, I am terrified of losing any of it. So, when I read of such as BCCI or Barlow Clowes, I feel the warm glow of a prejudice confirmed.

■ Dominic Lawson is editor of *The Spectator*.

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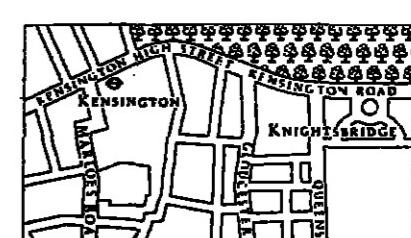


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